

COMPANY REGISTRATION NUMBER 08172832

AQUACULTURE STEWARDSHIP COUNCIL LIMITED  
DIRECTORS' REPORT AND COMBINED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020

**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2020**

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# AQUACULTURE STEWARDSHIP COUNCIL LIMITED

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2020

The directors of Aquaculture Stewardship Council Limited and Stichting Aquaculture Stewardship Council present the Directors' Report and combined financial statements of Aquaculture Stewardship Council in respect of the year ended 31 December 2020.

The directors of Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council present the combined financial statements incorporating Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council. The directors have chosen to prepare non-statutory combined financial statements for each financial year in accordance with the basis of preparation set out in Note 1 to the combined financial statements.

#### REFERENCE AND ADMINISTRATIVE DETAILS

Aquaculture Stewardship Council combined financial statements include the results of Aquaculture Stewardship Council Limited (charity registration number 1150418 and company registration number 8172832), ASCI Limited (company registration number 7788176) and Stichting Aquaculture Stewardship Council (34389683 )

**Principal office** 27 Old Gloucester Street, London, WC1N 3AX

**Registered office** 27 Old Gloucester Street, London, WC1N 3AX

#### The Directors

The Directors who served the company during the period, and current serving directors are as follows:

S Nichols	
M Jeans	(Resigned 11 March 2021)
A Dingwall	
J Villalon	
H D Thuy	
K Nakamura	(Resigned 13 September 2020)
Ø Oaland	
S M Macleod	(Appointed 1 January 2020)

**Company Secretary** R Ryan

#### Other Key Management Personnel

Chief Executive Officer C Ninnes

Finance Director L Egan

#### Our Advisors

<b>Auditor</b>	Haysmacintyre LLP	10 Queens Street Place, London, EC4R 1AG
<b>Bankers</b>	Barclays Bank Plc	5 Church Street, Leatherhead, Surrey, KT22 8DE
<b>Solicitors</b>	Russell-Cooke LLP	2 Putney Hill, London, SW15 6AB

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## DIRECTORS' REPORT

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### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Introduction

Aquaculture Stewardship Council, also known as ASC, ("the charity") is a company limited by guarantee registered in England and Wales. Each of the directors have provided a guarantee limited to €1 each. It is governed and managed in accordance with its Articles of Association.

As set out in note 1, the accounts are not statutory accounts. The principles and required presentation of the following legislation and regulations have been utilised in determining the format for these accounts: Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019). Further details of the basis of preparation are set out in note 1.

#### The Directors' Management

The charity is managed by a committee of the directors.

The charity directors are ultimately responsible for the good governance and supervision of ASC including supervision of its staff and assets in accordance with its charitable objectives. The directors have established a governance committee to oversee board governance arrangements. The Charity Commission Good Governance code will be considered at the September 2020 board of directors meeting, to ensure that all directors fully understand their responsibilities, and its implications for the wider organisation. In addition, all new directors will be made aware of the code through a newly developed governance handbook and through new trustee induction arrangements.

The directors have considered the major risks to which the charity is exposed and have reviewed the risks and established systems and procedures to manage these risks.

#### *Recruitment and appointment of board:*

The directors, who are also the directors for the purpose of company law are known as members of the board. The board members are guided by the Memorandum and Articles of Association of the charity. The ASC is international in scope and works with a diverse group of stakeholders with an interest in the work of the charity. The board is also guided by the need to maintain representation of these stakeholder groups. Term limits are in place. When seeking a new candidate, the directors will advertise through the organisation's website, review candidates who have proposed themselves, and use their existing extensive international networks to propose a shortlist of possible candidates. These are passed to the recruitment committee, an appointed sub-set of directors, to seek further advice on potential candidates, conduct interviews and make recommendations to the board concerning their suitability. The board will discuss and appoint the selected candidate.

#### Structure

The board of directors, which can have up to 9 members, administers the charity. The board normally meets 3 times yearly and there are three sub-committees covering 1) Finance and Audit, 2) Governance, and 3) Board Nominations, which meet around the budget and accounting cycle. A Chief Executive is appointed by the directors to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and any related operating activity.

ASC wholly owns a subsidiary company, ASCI Limited, which carries out its trading activities related to logo licensing.

#### Key Management and Remuneration Policy

The directors consider that the board of directors and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the ASC on a day to day basis. All directors gave their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 9 and 20 to the accounts.

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The pay of key management and senior staff is reviewed annually and normally increased in accordance with average earnings. The remuneration is of the range paid for similar roles adjusting for any additional responsibilities. If recruitment has proven difficult, a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

## OBJECTIVES AND ACTIVITIES

### Charitable Objectives and Public Benefit

The ASC is an independent, international organisation. It works with a wide range of partners to promote the transformation of the global aquaculture industry, into one operating on a more environmentally sustainable and socially responsible basis. It aims to do so by creating market incentives for farmers to engage and create value across the seafood supply chain. Its work aims to conserve marine and freshwater environments and advance education about the principles and practice of conservation for the benefit of the public.

ASC's activities promote and quantify responsible farming of fish, shellfish and crustacea and, jointly with the Marine Stewardship Council (MSC), the farming of seaweed. This work helps to improve understanding and adoption of responsible aquaculture practices, and to maintain and monitor objective standards for responsible aquaculture in order to reduce negative social and environmental impacts.

The ASC offers producers of farmed seafood access to a certification programme. Meeting the ASC standards necessary for certification is a signal that a farm is operating responsibly. The programme creates incentives that reward responsible farming practices. The ASC also promotes and rewards responsible farming practices through the use of a consumer-facing label on products made from ASC certified material. This enables the public when buying seafood, to make better-informed choices in favour of responsibly produced seafood. In turn this has a beneficial impact on both the environment in which aquaculture takes place, and amongst the communities affected by fish farming enterprises. The ASC also seeks to increase the demand for responsibly produced seafood through the work of the newly configured Market Development team and the Marketing Communications team. Together the staff of these two teams drive a programme of continuous engagement with retailers, brands, the food service sector, supply chain companies and producers, to promote ASC certified and labelled products to consumers. This helps to shift perceptions of, and the performance of, the aquaculture industry in a way that is of benefit to the public.

The aquaculture industry makes a major contribution to meeting the global demand for seafood protein and is the fastest growing food production system in the world. It makes this contribution while reducing the pressure on wild capture fisheries, such that more than half of the fish consumed globally now comes from aquaculture. The industry provides improved food security for many people and contributes less to the damaging effects of climate change than all other major terrestrial animal protein production systems. The actions taken by the ASC contribute to the achievement of many of the global Sustainable Development Goals set by the United Nations. ASC is helping to guide the aquaculture industry onto a less harmful, more positive path, to the benefit of the public.

The directors (as trustees) of the ASC confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit". The aims and activities of the ASC are clearly focused on this objective.

## ACHIEVEMENTS AND PERFORMANCE IN 2020

The ASC programme remained driven by the **Mission** set by its founders: "to transform aquaculture towards environmental sustainability and social responsibility using efficient market mechanisms that create value across the chain." The programme promotes industry best practice to minimise the environmental and social footprint of commercial aquaculture. Through the consumer label it makes available to qualified users, ASC promotes certified responsibly farmed products in the marketplace. It acts, therefore, to influence both the supply and the demand for responsibly produced seafood. The value added and positive impact delivered through the ASC programme is thus demonstrated clearly.

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In 2020, ASC's certification and labelling programme, despite the global impacts of the COVID-19 pandemic, continued to grow. Farm certification expanded, albeit at a slightly reduced rate, but the uptake and use of the ASC logo on certified products in key markets showed strong growth. As a result the ASC continued to have an influential and beneficial impact on the operation of the global aquaculture industry, at a time when the global seafood sector was faced with serious challenges. The supply chain services that ASC offered to the seafood industry throughout 2020 continue to be taken up and used worldwide.

Throughout 2020, the ASC continued to operate 11 farm standards and a joint ASC-MSC standard for seaweed. All standards are applicable in all regions globally where the relevant fish and algae are farmed.

The ASC continued to ensure the relevance of the existing core set of standards, which are reviewed and updated when new information becomes available and when experience with their operation suggests that their content can be improved. While no new standards for farming operations were released in 2020, work was initiated to add a number of new species to existing standards, including the incorporation of crayfish, *Macrobrachium* and a number of other penaeid species into the Shrimp Standard. Work was also commissioned to develop a module covering recirculating aquaculture systems (RAS). The RAS module covers all existing species recognised under ASC farm standards. This work will be concluded in early 2021. The ASC also continued with further revisions of the Salmon Standard to incorporate new scientific insights concerning the control of sea lice on salmon farms. This work is scheduled to conclude early 2022. Collectively this work delivered on ASC's ongoing commitment to continuously improve standards and adapt to changes in knowledge and in the industry.

All updates and revisions to ASC standards followed a rigorous multi-stakeholder, science-based, review process; enshrining ASC commitments to ISEAL's Standard Setting Code and adherence to transparency.

In 2020 the number of farm sites certified to one of the ASC standards increased by almost 20% and by the end of the year the total was 1,336. Salmon farms accounted for 39% and shrimp farms 23%. The encouraging early signs of uptake for the relatively new (2018) Seabass/Seabream/Meagre Standard continued, with 47 farms certified at the end of the year. A total of 15 seaweed operations were certified at the end of 2020, and the first 6 producers growing tropical finfish species entered the programme.

Interest in ASC certification was worldwide, but not evenly spread. In 2020 some 42% of all certified production (farm gate as reported in audit reports) was in European countries, primarily Norway, while Asia the world's major aquaculture producing area, accounted for 20%. A further 28% of certified farm production was in Central and South America and 4% in North America. In total, ASC certified farms were present in 47 different countries and territories. The number of farms seeking assessment under the ASC certification programme continued to be healthy, with 238 at varying stages in the process.

In 2020 ASC refined the method used for calculating farm production and improved the reporting of this through the audit template. This resulted in a reduction of certified volume and the new baseline established in 2020 was 1,625,873 tonnes certified (farm gate). Once the improved methodology was in place for reporting certified farm volumes, the numbers began to pick up again.

The interest in ASC labelled products continued to show solid growth during the year. There was an increase of 35% to 28,402 approved labelled products, which were available for sale in 90 countries and territories. This increase was realised during a troubled year for many producers due to the COVID-19 pandemic, but was offset strongly in ASC's favour by strong growth in seafood purchases through grocery retail.

There was an ever-expanding array of commercial and other partners responsible for the delivery of ASC certified and labelled products into the market. All companies handling ASC products as they move through the supply chain must

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also be certified against the Marine Stewardship Council's Supply Chain Standard. By the end of 2020, almost 2,500 companies were Chain of Custody certified and 1,101 of these companies were fee paying logo licence holders.

An increasingly important aspect of ASC's work is the delivery of value to certified farms through the promotion of the ASC programme and ASC labelled products in the marketplace. Typically, ASC takes part in a range of events with partners to promote responsible seafood, including attendance at a number of international and domestic trade show events. While most of these opportunities were curtailed because of the COVID-19 pandemic, ASC had a successful presence at the domestic show in Bremen, Germany, just before the pandemic became widespread. Many of the annual events held in key markets for ASC products were successfully held online.

In addition, an increasing number of specially devised campaigns took place, aimed at building awareness and understanding of the ASC logo, particularly amongst consumers, and many were adjusted to maximize digital delivery.

In 2020 seafood campaigns held jointly with the MSC were delivered in France, the Netherlands, Belgium, Japan and Australia. For the very first time there was also a campaign covering Germany, Austria and Switzerland. These events were successful and achieved a remarkable consumer reach, despite their modest costs. Success was achieved through the strong commitments of ASC's retail partners and branded and non-branded seafood suppliers, and increasingly through the participation of other organisations such as zoos and aquaria, and the hosting of educational events during the campaigns.

Two significant communication milestones were also achieved in 2020. The first was the publication of a short history of the development of the ASC covering the first decade of operations. The second was ASC's first report setting out the environmental and social impact reduction achieved by the certification programme. This latter report came with a commitment to report annually on such content, and was a significant achievement that represented ASC's commitment to fulfilling requirements set-out in ISEAL's Impacts Code. It also sent a strong message to a broader stakeholder audience, that the ASC programme delivers significant and important change. Both reports are available on the ASC website.

The ASC has always recognised that the challenges facing the global aquaculture industry can be tackled more effectively if close **collaboration** can be achieved with like-minded organisations. Work began in 2018 in this area and continued to make progress throughout 2020 with a range of organisations. Projects continued to be implemented with Fairtrade USA, the Sustainable Seafood Partnership and the Seafood Watch Programme of the Monterey Bay Aquarium. ASC's CEO continued to chair the Certifications and Rating group, convened by major funders and promoters of a more sustainable seafood industry.

In 2020 ASC was able to continue to cover its increasing core costs of staffing and allied expenditure from own-generated resources. Logo licensing income was robust in 2020, growing by 28% to €10.6 million. Additional activity was funded by generous philanthropic donations, bringing total income close to €11 million for the year. However, expenditure must and will increase as ASC moves ahead to tackle the on-going challenges before it. Income will need to rise in parallel, both to maintain the current position and to create an adequate financial reserve. ASC will also continue to need external funding for specific one-off projects.

#### **Delivering the Strategic Plan**

The direction for the expansion of ASC is set out in the Strategic Plan (January 2017 – December 2021). Implementation of the plan and hence the direction of travel and identification of in-year activities, is undertaken in a logically consistent and transparent way. A set of outputs needed to help ASC move forward with the achievement of its longer-term Mission is identified. Delivering them over time remains the key challenge for the organisation. Progress in 2020 with the delivery of each of these outputs is set out below.

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#### **The ASC Global Standards and Certification Programme Strengthened and Developed**

During 2020 standards development continued apace as noted above. Ongoing developments initiated in 2019 near completion during the year, included work to certify seafood farmed in recirculating aquaculture systems (RAS) and an expansion of the species coverage of existing standards. ASC's work to continuously improve the quality of the standards, ultimately leading to the revision of existing standards, also continued with initiation of further revisions to the salmon standard. As the marketplace continues to show interest in the production of new standards, the ASC reflects advances in scientific knowledge, industry experience and best practice, in the requirements it demands from producers.

Work also continued apace with the search for increased efficiency in the implementation of the ASC farm standards. The Alignment Project seeks to bring the common elements of all 11 farm standards together and to develop consistent approaches to how the standards address the impacts created by various production methods. Once completed, the project will deliver a higher level of consistency and rationalisation across the current standards for all farmed seafood species currently targeted by ASC, and also provide greater clarity to farmers, auditors and to other external stakeholders. In turn this will allow ASC to expand its reach more easily, for example to different production systems and more species. By extending the positive impacts the ASC programme can deliver, the Alignment Project will also create efficiencies for future revisions processes.

The thrust of the work is to develop a new simplified system in which instead of the original 7 Principles per-species found in all ASC farm standards, the new ASC Farm Standard will have 3 Principles setting effective and credible requirements. They will cover legal and business management (P1), operating in an environmentally responsible manner (P2) and operating in a socially responsible manner (P3).

Good progress was made in 2020. A unified approach for Principle 1 was concluded, including necessary public consultation and will become operational in 2021. Similarly, work to streamline the social content of the ASC standards (P3) covering workplace rights, health and safety and fundamental human rights, was unified into a single and consistent approach that will be released with P1. A larger body of work yet to conclude, involves all of the content associated with reducing farm impact on the environment. The new ASC Farm Standard will also have production-system specific criteria and species-specific metrics where needed or applicable. This work progressed well during the year, with 11 active technical working groups addressing various impact areas. It was an enormous undertaking, but public consultation in spring and autumn 2021 is scheduled, and all content will undergo at least one more round of consultation and an extensive piloting phase. This work will conclude in 2022.

The review of the Shrimp Standard launched in 2018, also progressed in 2020. It reviewed the metric performance levels for the covered species, and expanded the standard's scope to include a number of freshwater crustaceans. Public consultation was concluded in 2020 and board approval for the adoption of the standard is anticipated in early 2021.

The work in the Standards and Science team on issues relating to **fish welfare** continued. Content was developed related to new ASC fish health and welfare criteria and indicators will be incorporated within the new Aligned Standard. Much of this content builds on the existing framework already embedded within the ASC farm standards, but some new areas will require adoption concerning humane slaughter and transport.

The long-standing ASC commitment to develop a pioneering **aquaculture Feed Standard** which began in October 2013 concluded in 2020, with the board's approval of the standard in December. Feed represents a major component of the environmental and social footprints of aquaculture. It was therefore important for ASC to define precisely what constitutes responsible and sustainable fish feed production. This was a major accomplishment and the standard provides a novel improved framework for feed fisheries and, for the first time, seeks to address key impacts associated with the vast majority (75-80%) of ingredients that are of terrestrial origin.

ASC continued to expand the work of the Programme Assurance team to provide stakeholders with confidence that the ASC Standards are effectively implemented and audited and that this work is verified. **Programme Assurance** work in



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2020 aimed to ensure that the ASC programme continued to remain meaningful, effective and robust, and that traceability and provision of assurance about products certified by ASC was available for supply chain partners. The Programme Assurance team was strengthened further to provide more capacity for this key part of the organisation. Upholding the integrity of the programme remained the top priority for ASC management.

A number of initiatives continued in 2020 to improve ASC's assurance performance. For example, the Programme Assurance team continued with work to develop a digital traceability platform. The project involved using and/or developing software to capture and convey **key data elements** (KDEs) from certified farm origin, right through the supply chain to end consumers. This work was informed by the Global Dialogue on Seafood Traceability (GDST) and the structure, format and design of ASC's KDEs are consistent with those defined by the GDST project, in which ASC was an active partner. During 2020 a number of pilots were undertaken using the platform, and towards the end of 2020, a 'soft launch' was undertaken in Vietnam. Building on the anticipated success of the launch, further supply chains will be targeted in 2021.

In 2020, the Supplier Monitoring Tool was launched. This is an additional assurance **web-based** tool used to collect certified product antibiotic test result data from a range of sources, including certificate holders, government data base sets and ASC's own sampling. Submissions are made confidentially into an online reporting tool by responding to several simple questions about the product tested and any antibiotic residue detected. The results are held in a database and aggregated on a quarterly basis, then reported back to the participating network of submitters. This allows participants to gain insights into trends of antibiotic detection across different suppliers and to avoid suppliers whose products tend to have positive results. Oversight of this information enabled ASC to focus attention and resources on higher risk suppliers and products, ultimately improving programme assurance and certified product integrity. Throughout 2020 the pool of companies volunteering information through the tool increased. The tool, while initially focused on antibiotic testing of certified shrimp products, will be expanded to include results for other species and possibly contaminants as well.

### **Output of certified seafood and availability of labelled products increased through focus on key countries in Europe, the Americas, Asia and Australasia**

Despite continued expansion of staffing in 2020, ASC remained a small organisation with limited capacity, but with ambitions to influence the way in which aquaculture is practiced world-wide. ASC therefore focused efforts on key markets, in order to increase the output of certified seafood and the availability of labelled products. The mix of effort divided between helping and encouraging producers to take part in the programme and developing supply chain involvement in the use of ASC certified seafood, varied between continents and countries. Some markets include significant numbers of producers and a developed supply chain of users and marketing outlets for ASC certified seafood, while in others, the interest is biased one way or the other. In particular markets, increasing the number of producers of certified seafood is the primary interest, while supply chain issues dominate in others. For ASC, the general receptivity of the social, cultural and political context in which responsible aquaculture takes place is relevant when effort and resources are allocated.

The work undertaken by consultants, board members and ASC senior management to develop a new Marketing Strategy was concluded and approved by the board in May. This work was extensive and fundamental in defining how ASC will evolve into a marketing-led organisation. The strategy recommendations detail this evolution, which involves structural adjustments and integration of team structures, the definition of global capacity to support in-country marketing efforts, and the definition, management and promotion of ASC brand value. The implementation of the strategy has been underway since its approval, and the process will take several years to fully accomplish.

In 2020, as the table below shows, the rise in the number of farm sites entering and seeking entry to the programme continued to grow rapidly. There was a notable expansion in the number of bivalve farms certified, along with 11 sites in South Korea certified for growing wakame and hijiki seaweed. In total there were 1,322 ASC certified farm sites in

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43 countries at the end of 2020. More than 162 farm sites were certified in Vietnam and over 200 salmon sites in Norway (240) and Chile (233). The growth in Chile was particularly rapid, up from 144 sites in 2019.

Species	Number of Farms Certified		Farms under Assessment	
	December 2019	December 2020	December 2019	December 2020
Pangasius	48	43	1	3
Tilapia	43	39	2	-
Salmon	348	514	114	111
Trout	57	60	11	15
Shrimp	324	304	105	64
Bivalves	247	266	11	21
Abalone	18	33	15	2
Seriola/Cobia	16	15	1	3
Seabass/Seabream/Meagre	33	47	8	13
Tropical Marine Finfish	-	1	5	6
<b>TOTAL</b>	<b>1,134</b>	<b>1,322</b>	<b>273</b>	<b>238</b>
Seaweed	2	15	2	-

The method for calculating the volume of seafood produced by ASC certified farm sites was revised, and a new benchmark established for 2020 of 1.63 million tonnes, (down from xxx in 2019?).

Despite this downwards revision, there was strong growth in the number of ASC certified and labelled seafood products approved for sale throughout the supply chain. At the year end, 28,402 products were approved, up from 21,164 (+34%) at the end of 2019. These products were available in 90 countries, 8 more than in 2019.

Of the products approved, some 31% were salmon related, and 46% were shrimp. Almost 4,000 approved products were available in the Netherlands (3,948) and Germany (3,862), and more than 2,000 products in Belgium (2,466), Switzerland (2,205) and France (2,361). Sweden (1,370) and Denmark (1,399) were also strong markets for ASC labelled products. Over the last two years, the fastest growth of ASC labelled products was seen in the French market. Interest in sustainable seafood also grew across Southern European markets (Italy 706) and Spain (621).

Growth in the number of ASC labelled products in other countries with large overall seafood consumption was more modest, but experienced above trend growth as seen in Japan (663), China (499) and the USA (517).

In September 2020, the very first ASC labelled wakame seaweed products, Gijang Salted Seaweed and Gijang Dried Seaweed, were sold in South Korean retail stores such Lotte Mart and Homeplus and through online stores. ASC also noted good market interest in products certified against the Seabass, Seabream and Meagre Standard, which is one of the newer standards. Products were sold through suppliers including the menu box company Hello Fresh (Netherlands

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and Germany), Conad in Italy, and Findus and Iglo branded products in Lidl, Aldi, Colruyt (Belgium), Carrefour and Migros (Switzerland).

ASC recognises that many seafood farmers need to improve their farming methods in order to meet the requirements of the ASC standards. To help bridge any gaps, work continued in 2020 to set out and develop an ASC **Improve Programme**. Its aim is to make the full ASC programme more accessible, and to ensure that ASC standards are better understood by producers. One goal is to leverage market forces by attracting producers to drive improvements in those areas where the biggest change can be achieved.

Work began on developing technical tools and supportive networks to help producers make improvements to their aquaculture production at scale, and on engaging and enabling local governments and initiatives to contribute to and participate in the development of supporting networks that deliver efficient approaches for improvement and support a pre-competitive approach to improvement work in the aquaculture sector.

During 2020 it was realised that to ensure consistency of improvement efforts, it was necessary to develop a guiding methodology that local trainers and verifiers would follow. This work, which was novel and not previously undertaken for the seafood sector, concluded in 2020 and will be piloted at several sites in 2021.

Together, these workstreams acted as an instrument for meaningful change, and in collaboration with others, helped to accelerate further transformation towards responsible aquaculture.

#### **ASC promoted and supported with key audiences**

ASC increased its focus on bringing value to certified farms by promoting labelled seafood through dedicated campaigns within key markets. By collaborating with the MSC and commercial and non-commercial partners, ASC leveraged attention and inspired consumers to make a better choice by buying ASC labelled farmed seafood. In 2020 the reach of such campaigns was extended beyond those delivered in 2019, and included Germany, Austria and Switzerland for the first time. Campaigns were also held in Australia, France, Belgium, the Netherlands and Japan. The general approach was similar, with a week of varied activities developing and promoting sustainability and seafood. The collaborative format between like-minded organisations and the industry worked well.

In addition to these campaigns, especially in more mature markets such as Germany, Switzerland, the Netherlands and Belgium, committed retail partners integrated the ASC logo into their promotional activities throughout the year. Also important for ASC was the support of consumer organisations such as Milieu Centraal in the Netherlands and Test Aankoop in Belgium, which independently communicate to consumers, those labels that are credible, robust and can be trusted.

Partners also organized their own events, activities and promotions. It was encouraging to see that in ASC developing markets such as China, partners seized upon opportunities. The year began well in China, when both IKEA and the high-end domestic retail chain Ole, ran promotions for ASC labelled Norwegian salmon and locally produced shrimp during the Chinese Spring Festival. Later that year in China, retail partners AEON and Walmart promoted ASC labelled seafood in specially designed frozen sections, where only certified products are sold. In late 2020, the highly influential social media platform TikTok promoted to their subscribers the importance of making responsible seafood choices.

As noted above in Europe, ASC saw the most rapid uptake of the programme in France and an increasing number of French retailers demanded ASC certified seafood from their suppliers. Famous brands such as Petit Navire proactively integrated ASC into their positioning and branding. While it is still early days for ASC in the UK market, there was a positive movement due to the increasing availability of certified seafood. For example, Waitrose expanded their ASC shrimp range to also include seabass and bream and a number of private brands introduced ASC labelled products.

One interesting global trend was the emerging interest in ASC labelled sushi products. Just before the COVID-19 pandemic hit, in Sweden the very first sushi chain achieved certification and offered only responsibly and sustainably

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sourced seafood in its four locations. An Oslo-based Norwegian sushi bar followed in May. In Japan, the famous sushi store inside Tokyo station, Haneda-Ichiba, started offering and promoting ASC certified dishes in 2020. Japan's leading retailer AEON also introduced ASC labelled sushi in their deli corner.

In most markets, retailers and brands are the main vehicles for delivering labelled ASC seafood, but in Japan there is also strong support from the food service sector. In 2020, the famous electronic company Panasonic expanded the offer of ASC certified seafood in their company canteens to 42 locations. Ujima restaurants started the ASC-trend within the restaurant segment, which triggered others such as SincerBlue and Zetton, which operates a chain of 30 restaurants, to follow. Together with Zetton and their supplier Umitilon, ASC organized a promotional event in November 2020, where ASC certified, domestically produced red seabream was promoted at an event by a chef, who encouraged families to use ASC responsibly farmed products.

Other highlights from 2020 include:

- The commitment of Nomad, owner of the well-known wild capture seafood brands Iglo, Birds Eye and Findus, to embrace responsibly farmed and ASC labelled seafood products.
- Carrefour in France expanded its certification of fresh fish counters in spite of the pandemic.
- MOWI, the global, vertically integrated producer of salmon, launched their own 'Pure' brand in Poland, the US and France, featuring the ASC logo on the minimalistically-designed branded products. The product launch was backed up by consumer advertising.
- Coop, one of the two big retailers in Switzerland, pledged to increase their ASC portfolio of farmed seafood from 15% to 50% by 2024. This commitment strongly positioned ASC across the entire Swiss retail market.

#### **ASC Marketing and Communications development**

To support the transition of ASC to a new marketing-led organisation and be in a position to achieve its ambitions, a great deal of development was required of the Marketing and Communications team in 2020. The purpose of the implementation was to rapidly incorporate the strategy, function and brand recommendations of the review and to integrate them across global and local teams to ensure the contribution of marketing and communications is greater than the sum of its parts.

#### **Strategy integration**

The communication strategies identified in the review were the foundation for all of the development work in 2020. A first step was to ensure that the Marketing and Communications team fully understood the recommendations and were starting to incorporate them into their 2020 projects and stakeholder engagement. This included making changes where necessary to plans, KPIs and tone of voice. The strategies were also fully integrated at all levels, in the development of the new ASC planning and monitoring tool (Log Frames) in 2020. The aim was to ensure that the ambitions of the review were at the heart of resource prioritisation and project planning in 2021 and beyond. As well as incorporating the strategies, the Log Frames also set out measures of success, sources of data used to monitor and evaluate success, key projects for the next two to three years, and risks associated with the plans. The review's communication strategies also guided the development and prioritisation of budgets for 2021 and will be used for workstream development to ensure outputs of marketing and communications are integrated and focused on achieving the ambitions of the organisation.

#### **Functional integration**

Working backwards i.e., identifying what team competencies and focus would be needed to realise the communication objectives, ASC identified and developed eight key functions of marketing communications with distinct areas of focus and expertise. These were:

- Brand Reputation
- Brand Identity

# AQUACULTURE STEWARDSHIP COUNCIL LIMITED

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2020

- B2B Marketing
- B2C Marketing
- Media Relations
- Website development
- Social Media Development
- Internal Communications

In 2020, ASC set out strategies for each of these areas to contribute to the communication objectives as well as putting in place management responsibilities, outcome and evaluation requirements, and roles and job descriptions, to ensure that each function met current best practice in marketing and communications. Together these functions provided a blueprint for MarComs development over the next four to five years.

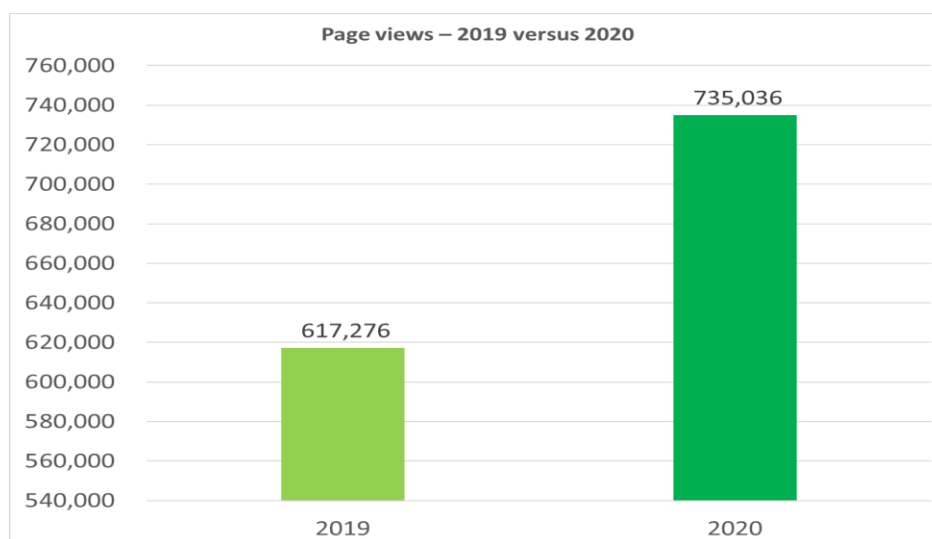
#### Brand integration

The strategy review set out the definition of the ASC brand, and ASC worked during the year to ensure that it was and will continue to be, brought to life across the organisation. Two key aspects of brand execution, Brand Identity and Brand Reputation, were set out as functions and were resourced to ensure that ASC focused on building strong connections and positive judgements across all of its audiences.

Branding can be thought of as aligning what ASC wants stakeholders to think about ASC, with what stakeholders actually think. The success of brand building will be measured by identifying and regularly tracking stakeholder awareness, knowledge and associations of ASC, which underpin their level of engagement with the programme. The successful tailoring of value propositions, messaging and content to meet the individual needs of ASC stakeholders is encouraged, and enabled through audience insights gained at local level via solid research.

#### Early indicators of success

ASC used a range of different materials, platforms and channels to communicate with stakeholders in 2020. ASC's website and social media platforms were one of the first to incorporate evaluation to demonstrate the benefit of the new strategy. The graph below shows close to 20% improvement in website engagement – as measured by the increase in pageviews.



Total number of ASC website pageviews per year (a measure of stakeholder engagement): pageviews for 2019 = 617,276, pageviews for 2020 = 735,036

# **AQUACULTURE STEWARDSHIP COUNCIL LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2020**

A key outcome of the strategy review was a re-defined communications objective, to promote, strengthen and support ASC value proposition and brand identity with key audiences. The urgent need to strengthen the ASC value proposition and brand identity became clear in 2020, when ASC was the subject of two high level campaigns aimed at discrediting it: one led by Compassion in World Farming (CIWF) and the other by Dutch animal welfare organisation Wakker Dier, which nominated ASC for Brand Liar of the Year. In both cases, the market development and marketing communications teams worked closely together to prepare and proactively mitigate the risk where possible, taking rapid action to contact stakeholders, putting in place media statements and scientific evidence refuting claims, and supporting ASC message dissemination with website and social media activity. As an organisation adopting a marketing-led strategy and communicating more often and to more stakeholders about the value and benefits of the ASC, it is to be expected that other organisations will try to use that increase in awareness to generate interest in their own organisations and agenda by attacking the ASC. On the positive side, there was no noticeable reduction in market interest for ASC certified products. To mitigate risk associated with future negative campaigns, ASC positioned brand reputation as a distinct function of marketing and communications, with the specific objective of listening to stakeholder conversation, identifying topics of risk, and developing messages, materials and global assets to proactively manage risks and respond to issues.

#### **ASC collaboration with relevant certification and ratings organisations agreed and made operational**

The international Certification and Ratings group convened by the major funders and promoters of a more sustainable seafood industry (the Packard, Walton Family and Betty and Gordon Moore Foundations) continued its work throughout 2020. ASC remained an active partner and participant in the meetings. The ASC CEO was fully engaged in the process as a committed member of the group and chair of the Steering Committee.

A notable step forward in 2019 was ASC's demonstration of its commitment to closer collaboration with like-minded organisations, by developing a relationship with Fairtrade USA. This resulted in the award of a significant grant for work in Indonesia, through the Walton Family Foundation. The work progressed throughout 2020, although COVID-19 eliminated the opportunity to hold a number of planned face to face meetings and webinars. The aim of the project was to reduce the potential for confusion at farm level and lower the potential cost for farmers of involvement with different certification schemes. This was achieved by improving the efficiency with which certification schemes work at operational level and providing more consistent and clearer messaging about responsible aquaculture.

Key achievements of this work include:

- Completion of a technical benchmark of the ASC and FTUSA (social) standards and assurance systems, pointing out the overlaps and differences between the two programmes.
- Development of a joint audit template for CABs to enable producers to undergo a joint ASC-FTUSA audit at the same time, thereby reducing redundancies in terms of overlap between the two standards.
- Joint ASC-FTUSA pilot audit at a shrimp farm in Indonesia to understand the on-site applicability of an ASC-FTUSA joint audit.

Moderate interest by the market place for dual certified products was ascertained, and logo fee discussions between ASC and FTUSA were concluded for the EU market. However, they were on hold for the US at the end of the year, as this market fell under the wider produce department in FTUSA. COOP Switzerland noted that it was eager to make use of the dual certification audit option and expressed an interest in moving their shrimp supply base in India, comprising 1,000 hectares and 400 farmers, up to ASC-FTUSA certification.

The Walton Family Foundation grant also allowed ASC to develop a meaningful dialogue with the Government of Indonesia (GOI) on responsible aquaculture. ASC worked to develop an MOU with the GOI and started the process of registering as an international NGO, in order to give ASC a proper mandate to operationalise further activities in Indonesia. As part of this work, ASC developed producer support materials for Indonesian shrimp farmers, which use both classroom and online learning. A future benchmark of the Indonesian GAP Standard (CBIB) against the ASC

# **AQUACULTURE STEWARDSHIP COUNCIL LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2020**

Standard is anticipated, and could further cement ASC's collaboration with the Indonesian aquaculture sector by recognising CBIB as a stepping stone towards ASC certification.

Another successful collaboration was the award in 2019 of a grant from the ISEAL Innovations Fund with the support of the Swiss State Secretariat for Economic Affairs, to a partnership led by ASC with the Sustainable Fisheries Partnership (SFP) and the Seafood Watch Programme (SFW) of the Monterey Bay Aquarium. This work continued in 2020 to test the possibilities for better integration of seafood certification and jurisdictional assurance models. Activities in 2020 focused on dedicated project management and refining activities, given the inability to conduct project meetings and travel as anticipated. Project partners identified shared data needs and approaches for relying on common information, thereby realising efficiency gains. Delays due to COVID-19 resulted in a reimagining of some project activities, approved by ISEAL, to ensure that the outcomes and deliverables of the work have a broader impact, as the revised activities increasingly focus on systems and processes that may be directly relevant to longer-term projects within each of the collaborating organizations. Primary activities of 2021 will result in a shared data repository, pilot testing of the ASC Improver Programme in Vietnam and Indonesia, and testing the applications on emerging remote sensing technologies.

#### **ASC Organisational development strengthened**

Due to the growth in demand for ASC services, the organisation has expanded its staff capacity over time. Additional strengthening took place in 2020 using both full time staff and part-time employees, including consultants, to work across the main teams. ASC continued to operate with one physical office in Utrecht and with a proportion of staff working remotely.

In 2020 ASC continued to experience robust growth in income from logo licensing. This, together with tight control of expenditure, meant that ASC was once again able to cover its baseline operating costs from its own generated income, while meeting some discrete project costs from donated funding and continuing the creation of a financial reserve. The success of the business model so far has been encouraging. However, as expenditure rises to service existing needs and meet new ones, so too does the financial vulnerability of the organisation. To overcome this, ASC will continue to seek help from philanthropic sources for time-bound projects that are additional to core tasking.

#### **COVID-19**

The ASC as a global organisation with a presence in China was aware of the impact of the coronavirus at an early stage of what became designated by WHO as the COVID-19 pandemic. By early March 2020 it was clear that the virus was spreading internationally, and fast and was deadly. All travel was stopped. For a global, outward-looking organisation, much of whose work involved face to face contact with stakeholders throughout the seafood supply chain, this was a serious response to the emergency. Many ASC staff members work remotely as a matter of routine, but as an additional precaution, all offices were closed and all staff moved to remote home working. To facilitate this change, the existing systems in place for remote working were strengthened, including additional security and backups systems for electronic data. Advice was given to staff on the working regime and the importance of following national rules and regulations in their own country. The senior management team held regular meetings to monitor the impact of COVID-19 on all aspects of the operation of ASC.

The new operational regime will continue until COVID-19 restrictions are officially removed by each country.

See further COVID-19 comments in sections Financial Review (pages 14, 15 and 16) and Going Concern (page 21).

# AQUACULTURE STEWARDSHIP COUNCIL LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2020

### FINANCIAL REVIEW

The results for the period ended 31 December 2020 are shown in the attached Statement of Financial Activities.

Net income of the group for the year was a surplus of €2,703k (2019: €935k). ASC has a wholly owned trading subsidiary, ASCI Ltd (Company number 07788176), established with a view to generate income through ASC's trade logo licensing and feeding through the profit of the company into the charity. The trading subsidiary, whose accounts are consolidated into these group accounts, has generated trading revenue of €10,583k against trading expenditure of €1,356k giving a net income of €9,227k before taxation. The surplus trading profits of €9,227k will be donated to the parent charity ASC UK in 2021. The donation is equal to the taxable profits, therefore ASCI Ltd will have no payable Corporation tax due.

### Principal Funding Sources

ASC is reliant on contributions in the form of donations and grants from commercial organisations and like-minded international charities and the revenue generated by trading subsidiary.

During the year the Charity generated €27k from the Trout and Salmon auditor training program conducted by the charity.

The Charity's expenditure on charitable activity during the year was €4,798k (2019: €4,339k) as the charity started its activities from current financial year in the true sense, after having laid the foundation in the previous financial period.

### Risk Management

The directors address from time to time the risks that face the charity and adopt responses to manage the risks identified through a Risk Register. A risk to achievement of the ASC's Mission might arise if the ASC Value Proposition fails in the market reducing uptake of the certification programme and reducing income. Other major risks identified include risks to:

- The certification programme - such as unaddressed challenges to the integrity of the programme, the scope and cost of services offered does not meet market demand and reduces programme uptake; on-going stakeholder problems with the content and application of standards; insufficient supply of competent local auditors increasing the cost and uptake of certification.
- Market development - such as in key, more mature markets, the supply chain's commitment to promoting labelled products from ASC certified and improving farms diminishes; in developing markets, the supply chain's commitment to promoting labelled products from ASC certified and improving farms does not materialise; the ASC Improver Programme does not deliver its farm engagement objectives as expected; Government policy in major producing countries does not embrace ASC.
- Audience Advocacy - marketing and communications promoting the value of the ASC programme does not reach or resonate with target audiences.
- Collaboration - competition with similar certification, benchmarking and ratings organisations increases; MSC CoC assurances are not adequate nor cost efficient.
- Organisational Development - reluctance to use the logo and the impact on funding would constrain ASC's operational capacity.

For all of these risks the impact and likelihood of a risk occurring are reviewed and rated, existing control measures are assessed and any further mitigation measures and initiatives identified and put in place.

### Investment Policy

The Charity has no investments apart from the trading subsidiary and therefore there is no immediate need for an investment policy.



# AQUACULTURE STEWARDSHIP COUNCIL LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2020

### Reserves Policy

The Board has examined the Charity's requirements for reserves in light of the main risks to the organisation and satisfied that the current reserves are sufficient to meet the next eight months of the organisations' immediate **FINANCIAL REVIEW (continued)**

funding requirements. The Board constantly reviews the level of reserves as part of its oversight. The Board's review in 2020 recognised with the growth of ASC the level of reserves should maintain to 9 months expenditure, building to twelve months expenditure within the next 3-4 years, 2024.

ASC ended the year with unrestricted reserves of €9,663k. Removing tangible and intangible fixed assets of €256k, the remaining liquid unrestricted reserves amount to €9,407k.

It has been possible for the ASC to build up its contingency reserves in recent years as expenditure has been kept at levels less than income. The Board's aim has been to not only cover in-year core recurrent costs from revenue but to generate an element of surplus to allow for both future year expenditure growth and the build-up of a reserve fund. The 2020 budget met these objectives. There was both an increase in resources allocated to staffing, marketing and allied expenses and to reserves such that the latter were able to potentially cover nine months of current levels of expenditure. Looking ahead to 2021, the continued uncertainties generated by the impact of the COVID-19 pandemic on the level of income that ASC might receive will remain to influence the adoption of a prudent approach. Expenditure growth has been restricted to levels thought likely to be covered by possible income. If, however income continue to grow as in 2020, the result could be further increases in reserves and to invest further in staffing & marketing expenditure. The future level of reserves in 2021 and beyond is unpredictable, but desirably will increase.

Planned future budget surpluses also reflect the need to build reserves to counter the expected decline in the level of philanthropic grants from that the ASC has received over its first 10 years. In future as the level of such income decreases there will be increased dependence on logo licence fees from the supply chain.

### COVID-19

The uncertainty created by the pandemic in the market place led ASC to review its in-year and future financial position and forecasts in 2020, and 2021. Prudent measures were taken to scale back expenditure growth plans and control cash flow. The ASC Board met in May 2020 and approved the response by the management to the pandemic, including re-worked and prudent financial plans for 2020 to best meet the uncertainties over the 12-24 months ahead. Enhanced monitoring procedures on income especially and on expenditure were put in place. ASC is confident that the measures it took and has implemented in response to the COVID-19 pandemic, are reasonable and robust enough to protect staff, ensure continued business activity and meet operational challenges.

### PLANS FOR FUTURE PERIODS

The ASC's planned activities are structured around the primary objectives set out in its strategic plan. The top level priorities continue to focus on:

- Achieving a strong global certification programme covering the main species of farmed seafood that are traded internationally.
- Improving farm production by engaging with and certifying as environmentally and socially responsible an increasing number of farms.
- Further developing the ASC certification with major retailers and foodservice companies by achieving a critical mass presence in the key receptive target markets in Europe (Germany, Austria, Switzerland, Netherlands, Denmark and Sweden), establishing a market position in other less receptive markets (USA, Canada, UK, France, Australia, Belgium and South Africa) and developing the potential elsewhere.
- Raising awareness of the ASC among seafood buyers and consumers.
- Working collaboratively with like-minded organisations that are also seeking to transform seafood production.
- Strengthening the institutional development of the ASC and achieving financial self-sufficiency.

# **AQUACULTURE STEWARDSHIP COUNCIL LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2020**

Building on these initiatives and by the end of this decade the ASC will have:

- Secured significant market penetration in most major developed markets. That will lead, ultimately, to securing a meaningful presence in all major seafood producing and consuming countries, but this will be beyond 2020.
- Established its appeal to export-oriented farmers around the world, in order to encourage a greater supply of ASC certified seafood to meet growing demand from the marketplace.

### **DIRECTORS' RESPONSIBILITIES**

The directors of Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council are responsible for preparing the Directors' Report and combined financial statements.

The directors have chosen to prepare combined financial statements for each financial year in accordance with the basis of preparation set out in Note 1 to the combined financial statements. They are responsible for determining that the basis of presentation is acceptable in the circumstances and for such internal control as management determines is necessary to enable the preparation of combined financial statements and for being satisfied they give a true and fair view of the state of affairs of the combined entities as set out in Note 1 to the combined financial statements and of the profit or loss of for that period.

The directors acknowledge that these are not the statutory accounts of either entity.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors of Aquaculture Stewardship Council, together with the directors of Stichting Aquaculture Stewardship Council, are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the combined financial position of Aquaculture Stewardship Council, and to enable them to ensure that the combined financial statements comply with the basis of preparation set out in Note 1 of the combined financial statements. They are also responsible for safeguarding the assets of the companies and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

- in so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board of Directors on 13<sup>th</sup> December 2021 and signed on its behalf by:



Dr Scott Nichols  
Trustee/Director, Chairman

**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 DECEMBER 2020**

	Note	Unrestricted Funds €000	Restricted Funds €000	Total Funds Year to 31-Dec-20 €000	Total Funds Year to 31-Dec-19 €000
<b>INCOME FROM:</b>					
Grants and donations	2	2	326	328	226
Other trading activities	3	10,609	-	10,609	8,519
Investments		7	-	7	11
<b>TOTAL</b>		<u>10,618</u>	<u>326</u>	<u>10,944</u>	<u>8,756</u>
<b>EXPENDITURE ON:</b>					
Raising funds:					
Trading activities	4	(3,443)	-	(3,443)	(3,482)
Charitable activities	5	(4,470)	(328)	(4,798)	(4,339)
<b>TOTAL</b>		<u>(7,913)</u>	<u>(328)</u>	<u>(8,241)</u>	<u>(7,821)</u>
<b>NET INCOME</b>		2,705	(2)	2,703	935
<b>OTHER RECOGNISED (LOSSES)/GAINS</b>					
Currency translation adjustment		-	-	-	21
<b>NET MOVEMENT IN FUNDS</b>		<u>2,705</u>	<u>(2)</u>	<u>2,703</u>	<u>956</u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		6,958	9	6,967	5,731
Exchange movement on opening funds		-	-	-	280
		<u>6,958</u>	<u>9</u>	<u>6,967</u>	<u>6,011</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>9,663</u>	<u>7</u>	<u>9,670</u>	<u>6,967</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.  
The notes on pages 20 to 27 form part of these financial statements.

**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED AND CHARITY BALANCE SHEETS**  
**YEAR ENDED 31 DECEMBER 2020**

	Note	2020		2019	
		Charity €000	Group €000	Charity €000	Group €000
<b>FIXED ASSETS</b>					
Tangible Assets		26	47	23	50
Intangible Assets		11	209	15	92
Investments		-	-	-	-
		37	256	38	142
<b>CURRENT ASSETS</b>					
Debtors	9	5,342	4,783	4,868	4,606
Cash at bank		5,255	7,635	3,305	4,510
		10,597	12,418	8,173	9,116
<b>CREDITORS: Amounts due within one year</b>	10	(1,032)	(3,004)	(1,392)	(2,291)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		9,565	9,414	6,781	6,825
<b>NET ASSETS/(LIABILITIES)</b>		9,602	9,670	6,819	6,967
<b>FUNDS</b>					
Restricted funds		7	7	9	9
Unrestricted funds		9,595	9,663	6,810	6,958
<b>TOTAL FUNDS</b>		9,602	9,670	6,819	6,967

The result for the financial year dealt within the financial statements of the parent charitable company was a surplus of €2,783 (2019: surplus €1,312k)

These financial statements were approved by the Board and authorised for issue on 13<sup>th</sup> December 2021 and are signed on their behalf by:



**Dr Scott Nichols**  
**Trustee/Director, Chairman**

The notes on pages 20 to 27 form part of these financial statements.

**AQUACULTURE STEWARDSHIP COUNCIL LIMITED**  
**COMBINED AND CHARITY STATEMENT OF CASH FLOW**  
**YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	2019
	<b>000</b>	000
	€	€
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the reporting period per the SOFA	2,703	935
Depreciation & Amortisation charges	66	38
Dividends and interest from investments	(7)	(11)
(Increase) in debtors	(177)	(379)
Increase/(decrease) in creditors	713	246
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES</b>	<b>3,298</b>	<b>829</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends and interest from investments	7	11
Purchase of property, plant and equipment	(180)	(79)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(173)</b>	<b>(68)</b>
	<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period	3,125	761
Effect of change in translation rates	-	302
Cash and cash equivalents at the beginning of the reporting period	4,510	3,447
Cash and cash equivalents at the end of the reporting period	<b>7,635</b>	<b>4,510</b>
	<hr/>	<hr/>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>		
Cash in hand	7,635	4,510
Total cash and cash equivalents	<b>7,635</b>	<b>4,510</b>
	<hr/>	<hr/>

The notes on pages 20 to 27 form part of these financial statements.

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

### 1. ACCOUNTING POLICIES

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention. The financial statements utilise a special purpose framework which, except for the matters set out below, follows the presentation and principles of Financial Reporting Standard 102 (FRS 102) and follow recommendations in Statement of Recommended Practice: Accounting and Reporting by Charities (FRS 102) Second Edition, effective 1 January 2019.

These financial statements combine the consolidated results of Aquaculture Stewardship Council Limited and Stichting Aquaculture Stewardship Council Foundation and ASCI Netherlands B.V at Utrecht on a line-by-line basis.

The businesses included in the combined financial statements have not operated as a single entity. There is no legal requirement to prepare these combined financial statements as Aquaculture Stewardship Council Limited (and its wholly owned subsidiary Aquaculture Stewardship Council International Limited) and Stichting Aquaculture Stewardship Council Foundation are separate legal entities. However, the combined financial statements are prepared voluntarily in order to present the combined financial position, results and cash flows of Aquaculture Stewardship Council. The framework adopted is therefore a special purpose framework as there is no requirement to present such consolidated or combined accounts under FRS 102.

All transactions and balances between entities included in the combined financial statements are eliminated.

The directors of Aquaculture Stewardship Council and Stichting Aquaculture Stewardship Council have concluded that the functional currency of Aquaculture Stewardship Council is Euros on the basis that this is the predominant currency affecting Aquaculture Stewardship Council's operations. They have therefore decided to present these combined financial statements in Euros.

#### **Income Recognition**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of all or part of the specified performance conditions is deferred until the criteria for income recognition are met (see note 17).

Donations are included in income when received. Income eligible for gift aid is recognised in full on receipt. There are no donated services.

Grants are recognised as income when it is clear ASC has entitlement to the income. Where income through contract or grant is received in advance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

Logo license royalties are accounted for in the period in which the labelled products were sold by our trading partners.

#### **Fund accounting**

Unrestricted funds are available for use at the discretion of the Directors in furtherance of the general objectives of the charity.

Restricted funds are only available to spend on specific programmes or purpose for which a grant is received for.

#### **Expenditure**

Expenditure is recognised on an accrual basis as a liability is incurred.

Costs generating funds comprise expenditure incurred in encouraging others to make contributions to the charity and include staff costs attributable to that activity.

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

### 1. ACCOUNTING POLICIES (continued)

Where costs could not be directly attributed to any particular function or activity, they have been allocated by applying bases consistent with the use of the resource.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and any costs linked to the strategic management of the charity.

#### **Investments assets and income**

Investment income is recognised in the accounts when it is receivable and is allocated to the appropriate fund.

Investments: The charity has one wholly owned subsidiary undertaking, ASCI Ltd, incorporated in England & Wales. It is a trading subsidiary and receives royalties from logo licensing fees.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, which are described in note 1, Directors are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Directors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

#### **Fixed Assets**

Fixed assets are recorded at cost or, in cases where fixed assets have been donated to Aquaculture Stewardship Council, at valuation at the time of acquisition. Fixed assets are capitalised in the balance sheet at cost, except for items costing less than £500 which are expensed in the year of purchase.

Depreciation has been provided at the following rates in order to write down cost or valuation, less estimated residual value, of all tangible assets by equal annual instalments over their expected useful lives.

Furniture, Fittings & IT equipment	33%
Software and Database	20%

#### **Going concern**

We have set out in the Directors' report a review of financial performance and the charity and the group's reserve position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the charity and the group's ability to continue. The accounts have therefore been prepared on the basis that the charity and the group is a going concern.

#### **Foreign Exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

### 1. ACCOUNTING POLICIES (continued)

#### Pension costs

The charity operates a defined contribution group personal pension scheme for the benefit of any employees wishing to join. The contributions payable under the scheme are charged in the income & expenditure account, and the assets are managed by an independent organisation.

#### Taxation

Aquaculture Stewardship Council is a registered charity, and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, since it falls within the various exemptions available to registered charities.

#### Financial Instruments

ASC Ltd has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors, excluding prepayments. Financial liabilities held at amortised cost comprise bank loans and overdrafts, trade and other creditors. Investments in subsidiary undertakings are held at cost less impairment.

### 2. DONATIONS AND GRANTS

	Unrestricted Funds €000	Restricted Funds €000	Total Funds 2020 €000	Total Funds 2019 €000
<b>Grants receivable</b>				
Sainsbury	-	-	-	-
ISEAL	-	78	78	30
Packard Foundation	-	-	-	17
TAPAS	-	35	35	33
New Venture	-	-	-	31
Silicon Valley	-	67	67	41
Walton Foundation	-	111	111	62
Multiplier	-	35	35	-
Donations	2	-	2	-
WWF NL	-	-	-	12
Total	<u>2</u>	<u>326</u>	<u>328</u>	<u>226</u>



# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2020**

### 3. OTHER TRADING ACTIVITIES

	<b>Total Funds</b>	<b>Total Funds</b>
	<b>2020</b>	<b>2019</b>
	<b>€000</b>	<b>€000</b>
Trading income	10,582	8,489
Audit training income	27	30
	<b>10,609</b>	<b>8,519</b>
UK	371	255
Outside Europe	2,431	1,412
Europe	7,807	6,852
	<b>10,609</b>	<b>8,519</b>

### 4. RAISING FUNDS: TRADING ACTIVITIES

	<b>Total Funds</b>	<b>Total Funds</b>
	<b>2020</b>	<b>2019</b>
	<b>€000</b>	<b>€000</b>
Direct Costs – Cost of Goods Sold	928	984
Other Direct Costs - Administration	2,419	2,371
Other Direct Costs – Foreign exchange gains	96	127
	<b>3,443</b>	<b>3,482</b>

### 5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total Funds</b>
	<b>Funds</b>	<b>Funds</b>	<b>2020</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
Policy and maintenance of standards	2,116	152	2,268
Education and awareness	336	24	360
Servicing and outreach to fisheries and commercial sector	2,018	152	2,170
	<b>4,470</b>	<b>328</b>	<b>4,798</b>

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2020**

### PRIOR YEAR

	<b>Unrestricted Funds €000</b>	<b>Restricted Funds €000</b>	<b>Total Funds 2019 €000</b>
Policy and maintenance of standards	1,899	156	2,055
Education and awareness	304	22	326
Servicing and outreach to fisheries and commercial sector	1,914	44	1,958
	4,117	222	4,339

### 6. TOTAL EXPENDITURE – Trading Activities & Charitable Activities

<b>Expenditure</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>Salaries</b>	4,712,369	<b>57%</b>	3,626,884	<b>46%</b>
<b>Technical Services</b>	556,006	<b>7%</b>	636,617	<b>8%</b>
<b>Supply Chain Services</b>	1,009,438	<b>12%</b>	1,034,789	<b>13%</b>
<b>Governance</b>	310,687	<b>4%</b>	318,803	<b>4%</b>
<b>Markets &amp; Marketing Services</b>	668,784	<b>8%</b>	544,171	<b>7%</b>
<b>Travel</b>	253,851	<b>3%</b>	972,131	<b>12%</b>
<b>Central Services</b>	729,952	<b>9%</b>	687,647	<b>9%</b>
	<b>8,241,086</b>	<b>100%</b>	<b>7,821,042</b>	<b>100%</b>

### 7. EXPENSES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The charity has met travel and subsistence expenses incurred by 9 members for international Board meetings as Board of Directors on Charity's business totalling €22k (2019: 7 Directors, €137k).

No members of the Board of Directors received any remuneration during the period, nor had any interest in any transaction or contract entered into by the charity during the period.

### 8. Particulars of employees:

The number of employees during the year, was as follows:

	<b>Year to 31 Dec 20</b>	<b>Year to 31 Dec 19</b>
	<b>No</b>	<b>No</b>
Direct Charitable	<b>1</b>	1
Communication & publicity	<b>22</b>	14
Standards & Assurance	<b>21</b>	19
Administration	<b>6</b>	7
	<b>50</b>	41

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2020**

### 9. DEBTORS

	2020		2019	
	Group €000	Charity €000	Group €000	Charity €000
Trade debtors	225	9	565	6
Other debtors	58	55	168	105
Prepayments & accrued income	4,500	73	3,873	54
Amount due from subsidiary	-	5,205	-	4,703
	<b>4,783</b>	<b>5,342</b>	<b>4,606</b>	<b>4,868</b>

### 10. CREDITORS: Amounts falling due within one year

	2020		2019	
	Group €000	Charity €000	Group €000	Charity €000
Trade creditors	1,356	134	122	93
Taxation and social security	107	25	63	27
Amount due to subsidiary	-	375	-	375
Accruals & deferred Income	1,541	498	2,087	897
Other creditors	-	-	19	-
	<b>3,004</b>	<b>1,032</b>	<b>2,291</b>	<b>1,392</b>

### 10. CREDITORS: Amounts falling due within one year (continued)

	2020	
	Group €000	Charity €000
Movement on deferred income		
Deferred income at 1 January 2020	682	682
Released to income in year	(682)	(682)
Income deferred in year	356	356
Deferred income at 31 December 2020	<b>356</b>	<b>356</b>

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

### 11. Results of Stichting ASC

As set out in note 1, the results of Stichting ASC have been included in the combined accounts in order to present a combined set of figures incorporating Aquaculture Stewardship Council and Stichting ASC. The results of Stichting ASC before combination are presented as follows:

	2020 €000	2019 €000
Income	<u>2,263</u>	<u>1,862</u>
Expenditure	<u>(2,117)</u>	<u>(1,907)</u>
Net profit (loss)	146	(45)
Finance expense	(1)	-
Result in participating interest	<u>58</u>	<u>(29)</u>
Result for the year	<u>203</u>	<u>(74)</u>
Funds at 1 January 2020	<u>149</u>	<u>223</u>
Funds at 31 December 2020	<u>352</u>	<u>149</u>
Current assets	1,268	414
Current liabilities	<u>(916)</u>	<u>(265)</u>
Total Assets less total liabilities	352	149
Represented by: General reserve fund	<u>352</u>	<u>149</u>

# AQUACULTURE STEWARDSHIP COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 DECEMBER 2020**

### 12. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds €000	Restricted Funds €000	Total Funds Year to 31-Dec-19 €000
<b>INCOME FROM:</b>				
Grants and donations	2	12	214	226
Other trading activities	3	8,519	-	8,519
Investments		11	-	11
<b>TOTAL</b>		<b>8,542</b>	<b>214</b>	<b>8,756</b>
<b>EXPENDITURE ON:</b>				
Raising funds:				
Trading activities	4	(3,482)	-	(3,482)
Charitable activities	5/6	(4,117)	(222)	(4,339)
<b>TOTAL</b>		<b>(7,599)</b>	<b>(222)</b>	<b>(7,821)</b>
<b>NET INCOME</b>		<b>943</b>	<b>(8)</b>	<b>935</b>
<b>OTHER RECOGNISED (LOSSES)/GAINS</b>				
Currency translation adjustment		21	-	21
<b>MOVEMENT IN FUNDS</b>		<b>964</b>	<b>(8)</b>	<b>956</b>
<b>RECONCILIATION OF FUNDS</b>				
Funds brought forward		5,714	17	5,731
Exchange movement on opening funds		280	-	280
Adjusted funds brought forward		5,994	17	6,011
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>6,958</b>	<b>9</b>	<b>6,967</b>