**DRAFT** Memorandum of Understanding (MOU)
Among International Seafood Buyers,
China Aquatic Products Processing and Marketing Alliance
And Ocean Outcomes related to the Japanese Flying Squid (JFS)
Fisheries Improvement Project in China

**The Parties**

**Seafood Industry Partners (SIP)** party to this MOU represent individual corporate signatories who have expressed pre-competitive, shared interest in supporting and collaborating on sustainability improvements for Chinese fisheries harvesting Japanese flying squid (*Todarodes pacificus*) from the East China and Yellow Seas under Chinese jurisdiction. Each of these signatory companies has demonstrated leadership in their commitments to sourcing and supplying quality, sustainable seafood products from legally prosecuted and socially responsible fisheries that are currently achieving or aspiring to achieve (through credible and measurable fishery improvement projects [FIPs]) the highest internationally recognized, science-based sustainability standards. It is understood that some signatories to this MOU may have other business partners with whom they have separate, underlying agreements to actively support efforts and commitments within the MOU.

**China Aquatic Products Processing and Marketing Alliance (CAPPMA)** is a nationwide, non-profit organization, which consists of enterprises that are engaged in aquatic production, processing, transportation and trade, including private companies, institutions for aquatic research and training, as well as social entities that provide voluntary services for aquatic processing and circulation across China. CAPPMA is dedicated to improving self-discipline among its members in their business operations, to standardizing and maintaining seafood market orders, to protecting the members’ legal rights, to coordinate relationships among internal enterprises and international parties and to upgrade technologies and management in the seafood industry ensuring sustainable fisheries and aquaculture development

**Ocean Outcomes (O2)** is an international organization with a mission to work with communities and the seafood industry worldwide to improve the sustainability of fisheries and environmental & social responsibility of aquaculture by cultivating deep relationships with fishermen, fish farmers, seafood buyers, government agencies, and non-governmental organizations to uncover local solutions to counter global seafood sustainability challenges. O2 understands that in China, which leads the world in fisheries, aquaculture, seafood processing, trade and consumption, is of paramount importance to the success of the global sustainable seafood movement. SIP, CAPPMA and O2 are referred to as ‘the Parties’ within this MOU.

**Purpose**

The purpose of this MOU is to: (1) formalize general arrangements and commitments to support the launch and implementation of a comprehensive Chinese JFS fisheries improvement project; and (2) set out the roles of each party for the FIP’s implementation.

**Background and scope**
O2 completed a pre-assessment for Sea Farms Ltd. in 2016 for Chinese fisheries for Japanese flying squid in the East China and Yellow Seas. Subsequently O2 conducted scoping assessments for these fisheries in 2017-18 for Sea Farms Ltd. and PanaPesca USA LLC, intended to lay the foundation for launching comprehensive fishery improvement efforts.

The planned FIP has the overall objective to improve performance of the fishery so that it can meet the certification requirements of the Marine Stewardship Council (MSC). The ‘Unit of Assessment’ for the FIP initially includes Chinese trawl fisheries operating under Chinese jurisdiction in the East China and Yellow Seas, with the focus of provincial government engagement initially identified as Zhejiang and Shandong Provinces, respectively. This initial definition and focus for the ‘Unit of Assessment’ and improvement doesn’t preclude potential expansion to other gears, provinces or geographies as and when might be strategically beneficial to progress and benefits of the projects sustainability improvement objectives.

It is noted that the main JFS reproduction area in the East China Sea falls within an area under dispute and common management between China, Japan and South Korea, and as a result it is likely to require a regional approach at some stage. O2 plans to develop and manage FIP proposals within Japan and South Korea in the future, and the envisioned strategy will be to establish a regional dialogue between FIPs on aspects of common interest.

Role and responsibility of parties

**O2**: will manage the implementation of the FIP by involved parties, which will include report progress to all other parties. O2 will lead communications with CAPPMA and any other Chinese organizations. O2 and/or its partner organizations will seek complementary funding to support FIP goals.

**SIPs**: will secure financial support for the FIP’s management and implementation, support grant applications for supplemental resources, enter into contracts for services with O2 and/or CAPPMA to fund the management and implementation of FIP activities, and secure the collaboration of JFS suppliers to the FIP. This group will review the FIP’s progress by relevant means including the involvement of an independent 3rd party.

**CAPPMA**: will directly secure the collaboration of necessary industry (to include processors) and government organizations, and indirectly secure involvement of fishing organizations by leveraging processor and government relationships. They will also provide industry information to the FIP parties and relevant research institutes. They will also organize all events proposed for China.

General Commitments of Mutual Cooperation for implementation of the FIP

The Parties fully understand a long-term, persistent effort is needed to improve the Chinese Japanese flying squid (JFS) fishery, which involves numerous fishing vessels and the livelihood of thousands of fishermen and seafood industry practitioners. To drive such a challenging fishery towards continuous improvement, the Parties commit themselves to taking the following major actions in a well-coordinated manner. Accordingly, the responsibilities of the different parties, as enabled by available resources, will be to:

1. Engage all key stakeholders, particularly relevant government officials, seafood processors and traders, and fishermen, to develop and successfully implement a FIP for the Chinese
JFS. To be completed by O2 and CAPPMA.

2. Guide and support monitoring and research efforts to collect data on JFS biology, stock status and fishery impacts for the purpose of instructing science-based management improvements. To be completed by O2 with fishery research Institutions with assistance from CAPPMA if required and supported by sourcing requirements by SIP where needed.

3. Advise relevant government decision makers on practical and effective harvest strategies and measures, sustainable fisheries policies and broader seafood sustainability issues in the best long-term interest of fishermen and the international squid trade (between China and EU, UK and US) associated with the JFS fishery. To be led by CAPPMA with technical support from O2 and advocacy support from SIP.

4. Engagement of local fishermen in the FIP. To be completed by O2 and CAPPMA through necessary leverage of processors and local government officials and with the assistance of relevant research institutes. CAPPMA will identify mechanisms via voluntary and mandatory commitments, which may require support from SIP (e.g., sourcing requirements and financial incentives).

5. Advocate sustainable management of China JFS resources through sourcing requirements/specifications and industry support of policy requests to Chinese government (SIP).

6. Educate the relevant fishermen and seafood industry on sustainable and responsible practices in compliance with strengthened government regulations and scientific advice. To be completed by O2 using the leverage with CAPPMA with decision makers.

7. Closely monitor the FIP’s implementation and progress toward meeting the project’s work plan actions and work with involved stakeholders to adapt the FIP strategy in a timely, ongoing manner.

8. Although the SIP will financially support the FIP, O2 and/or its partners will seek complementary funding from a variety of sources to supplement annual FIP implementation costs with CAPPMA and SIP providing support for those requests.

9. Maintain close internal communications and coordinate external communications, providing appropriate recognition of each Party’s involvement. To be undertaken by O2 with the assistance of the SIP coordinator for the current year and with support from other SIP members and/or CAPPMA where required.

**Mechanism of Cooperation**

The Parties recognize the importance of a cooperating mechanism, which they agree to initiate as follows:

1. The Parties will develop annual work plans and budgets for FIP management and implementation activities, which will form the basis for determining the amount of SIP contributions and the terms of contracts for services for FIP management and implementation. Addendum 1 provides background and an example of the Year 1 work plan that will be used as the basis for a contract for services to fund FIP launch activities.
2. The Seafood Partners, CAPPMA’s Department of International Cooperation and O2 will each designate respective representatives, who will regularly monitor and collaboratively oversee the execution of the annual work plans.

Terms of the MOU

The MOU will come into force when signed by the identified signatory parties. It will remain in force through the completion of the FIP or until such time that any of the parties notifies the others that it wishes to terminate the agreement.

Additional Seafood Industry Partners will be encouraged to join, and upon signing, will share the responsibilities described herein for SIPs.

The Parties will create and follow a process for annually reviewing the MOU in the context of the FIP’s progress toward meeting annual and long-term objectives and work plan commitments as detailed in separate contracts and/or MOU addenda to define and fund FIP activities. Any changes to the MOU shall be agreed mutually among the Parties in writing.

This MOU is written in English and Chinese – both versions have equal validity. Should there be any discrepancy between the two versions, or different interpretations as to the meaning of the MOU, the partners will seek to reconcile them.

Signed ___________________________ 2018年9月10日 | 1:25 上午 CDT
He Cui, President
China Aquatic Products Processing and Marketing Alliance

Signed ___________________________ September 10, 2018 | 11:44 PM PDT
Dominique Gautier, Director of Sustainability
Sea Farms Ltd. (for Sea Fresh Group)

Signed ___________________________ settembre 6, 2018 | 10:09 AM PDT
Stefano Pagliai, Director
PanaPesca USA LLC

V2.2: 13 May 2018
Signed by: Richard S. Jones, Jr.  
Richard S. Jones, Jr., President and CEO  
Ocean Outcomes  
September 6, 2018 | 11:35 AM CDT  
Date

Signed by: Corey Peet  
Corey Peet,  
Aquastar  
September 11, 2018 | 4:26 PM PDT  
Date

Signed by: Victor Garrido  
Victor Garrido, Director of Quality Assurance  
Quirch Foods, Co  
September 6, 2018 | 5:04 PM EDT  
Date

Signature  
Date

Signature  
Date

Signature  
Date

V2.2: 13 May 2018