

Executive summary



Shrimp Supply Chains

Making the link between
purchasing practices
& human rights

Executive summary

Shrimp supply chains face documented human rights risks across all tiers, including hatcheries, shrimp farms, feed mills, processing facilities and distribution networks. Violations include forced labour, informal employment relations, low wages, unsafe working conditions, limited freedom of association, restricted worker voice and discrimination. Buyers' commercial decisions and purchasing practices are key drivers of these risks, yet they are rarely addressed. Traditional supply chain governance mechanisms – such as audits, traceability and certifications – do not look at these decisions and practices, meaning these tools are insufficient to prevent violations. Responsible purchasing practices (RPP) provide the missing link, helping buyers to shape pricing, order planning, contract terms and payment schedules in ways that reduce pressure on suppliers and support labour rights.

This report explores the connection between buyers' purchasing practices and human rights along the shrimp supply chain. It draws on a desk review of reports on working conditions by UN agencies and nongovernmental organisations, academic research on purchasing practices, and an analysis of trade data to demonstrate that human rights risks are found at all tiers of the shrimp supply chain (see Figure 1).

Figure 1: Summary of risks of non-compliance with the ETI Base Code along the shrimp supply chain

Tier of the supply chain	<div> <div>High risk</div> <div>Significant risk</div> <div>Limited risk</div> <div>Inadequate information</div> </div>								
	1. Employment is freely chosen	2. Freedom of association and the right to collective bargaining are respected	3. Working conditions are safe and hygienic	4. Child labour shall not be used	5. Living wages are paid	6. Working hours are not excessive	7. No discrimination is practised	8. Regular employment is provided	9. No harsh or inhumane treatment is allowed
Shrimp hatcheries	Significant risk	High risk	Significant risk	Significant risk	High risk	Significant risk	High risk	Limited risk	Significant risk
Fishing vessels	High risk	High risk	High risk	Significant risk	High risk	High risk	High risk	High risk	High risk
Fish meal production	Significant risk	High risk	Significant risk	Significant risk	High risk	Significant risk	High risk	Significant risk	Significant risk
Shrimp feed mills	Limited risk	High risk	Significant risk	Limited risk	High risk	Limited risk	High risk	Limited risk	Significant risk
Aquaculture farms	Limited risk	High risk	Significant risk	High risk	High risk	High risk	High risk	High risk	Significant risk
Primary processing: small-scale operations (peeling sheds)	Significant risk	High risk	High risk	High risk	High risk	High risk	High risk	High risk	Significant risk
Secondary processing: factories	Limited risk	High risk	Significant risk	Limited risk	High risk	Significant risk	High risk	Significant risk	Significant risk

'Governance tools — including audits, certifications, grievance mechanisms, and human rights impact assessments — have limitations in addressing labour risks. Even downstream, their methodology and implementation may not provide full or realistic visibility into working conditions. Within the scope of this report, the focus is on one specific limitation: these tools do not adequately capture the upstream pressures created by buyers' purchasing practices, such as pricing, lead times, order volumes, and contractual terms, which shape working conditions. To ensure respect for human rights, addressing these risks requires extending risk management beyond supplier-level monitoring to include the influence of buyers' business decisions along the supply chain.'

Impact of purchasing practices on human rights risks

The evidence shows that the compounded impacts of individual aspects of purchasing practices amplify financial pressure on suppliers and systematically shifting risk onto workers, particularly those in informal, temporary or piece-rate employment.

Downward price pressure

Over the past decade, the price of shrimp (both frozen and value-added, processed shrimp) has fallen. At the same time, the volume of shrimp sourced from the lowest-price producer countries — Ecuador and India — has soared. Research has shown that downward price pressure impacts labour rights, particularly when employment conditions — such as piece-rate wages and informal work with no set hours — are designed to push the risk of fluctuating market prices onto workers. For example, in Vietnam, research found that 97% of interviewed workers were paid based on yield and market prices, rather than being paid a pre-agreed wage. Contracts between buyers and suppliers may include clauses related to remaining price competitive or enabling buyers to break the contract and source elsewhere if they find a cheaper supplier. Such clauses embed a culture of low-cost production over respect for human rights or environmental protection, with implications for workers along the supply chain.

Sourcing below the cost of production

While the average export price of shrimp has decreased, production costs have not, leading to shrimp being sourced for less than it costs to produce. Sourcing below the cost of production inevitably drives shrimp producers to undertake cost-saving measures to reduce their losses, with labour costs most likely to be squeezed. Research in India, Indonesia and Vietnam found that this had resulted in work days of 9–14 hours and reductions in workers' earnings of 20–60% compared to before the pandemic.

Failure to account for increases in the minimum wage

When buyers threaten to relocate — or actually relocate — when prices increase, it undermines suppliers' ability to incorporate increases in the minimum wage into product pricing. In 2024, the minimum wages in Ecuador, India and Vietnam increased, yet the average export prices of frozen shrimp from Ecuador and India were lower than the average prices in 2023, while the price of Vietnamese shrimp remained unchanged.

Poor forecasting & planning

Poor forecasting and order planning can create uncertainty for suppliers, particularly as shrimp farming is highly sensitive to environmental conditions, cultivation takes three to six months, and crops naturally vary in size. Fluctuating demand and availability of raw materials can directly impact working conditions. When there is too much shrimp available to process, factories and peeling sheds may resort to hiring additional temporary workers or may outsource shrimp peeling to home-based workers. Both have fewer labour rights and no employment security. When demand is too low, informally employed primary processing workers have no work and therefore no income, further exacerbating financial and labour insecurity.

Hyper-flexibility & last-minute changes to orders

Across India, Indonesia, Thailand and Vietnam, intermediaries enable processors to procure the required volume of shrimp to fulfil buyers' orders. However, farmers receive lower prices than when they sell directly to processing factories. This directly impacts workers' earnings, particularly when their income is linked to the market price rather than them receiving a pre-agreed wage. When buyers require hyper-flexibility, including last-minute changes to order volume, it can therefore directly impact the earning potential of shrimp producers and farm workers in the lower tiers.

Delayed payments & long payment terms

Long payment schedules require suppliers to finance production, including by purchasing shrimp and paying workers' wages, prior to being paid by retailers. When retailers and buyers have unfavourable payment terms or apply financial penalties to orders, this can put financial stress on suppliers, particularly when combined with poor forecasting and planning. This financial stress can create highly pressured work environments that undermine occupational safety and health, contribute to harassment from supervisors to meet high production targets, and lead to long hours and unpaid overtime.

Uneven distribution of risk

When shrimp crops fail or farm gate prices crash, shrimp farmers can be pushed into debt they struggle to repay. In contrast, the profits of the companies producing the farm inputs (e.g. shrimp feed) remain more stable, concentrating the risks involved in shrimp farming with shrimp farmers. In Ecuador, India, Indonesia, Thailand and Vietnam, power is concentrated in large, vertically integrated corporations that dominate the feed and processing tiers of the shrimp supply chain. The millions of shrimp farmers and thousands of small-scale primary processing operations have limited power to negotiate when price squeezes are cascaded along the supply chain. Similarly, they have few options when retailers demand large volumes of a single size of shrimp from a naturally size-distributed shrimp harvest.

Failure to incorporate the cost of compliance

Social auditing, certification, sustainability initiatives and compliance with a buyer's code of conduct can entail additional costs for producers. While large, vertically integrated corporations can absorb these costs, they can severely challenge small operations and pose a barrier to market entry for small-scale shrimp farmers. If buyers do not account for these costs in pricing or provide market incentives, compliance may be undermined, reducing accountability for labour standards.

Recommendations for shrimp buyers: the Common Framework for Responsible Purchasing Practices in Food

To address these risks, buyers and retailers should move beyond supply chain governance alone and embed RPP into their commercial decision-making as part of their human rights due diligence under the UNGPs and Organisation for Economic Co-operation and Development's Due Diligence Guidance for Responsible Business Conduct. To this end, the below recommendations are structured according to ETI's Common Framework for Responsible Purchasing Practices in Food.

PRINCIPLE 1: Internal integration



In order to implement changes to purchasing practices, the company has top leadership buy-in and commitment, along with a thorough understanding of existing suppliers and purchasing systems, and their (possible) negative impact on human rights. It uses this information to decide on priorities that feed into an agreed improvement plan. RPP are integrated into the commercial and other relevant departments of the business.

Recommendations for buyers

- ▶ Periodically conduct human rights impact assessments (HRIAs) documenting human rights impacts, including those from purchasing practices, and establish timebound corrective action plans with technical and financial support. This should include ensuring HRIA findings are actively addressed; without implementation, the HRIA is ineffective.
- ▶ Establish mechanisms for supply chain stakeholders to provide feedback on both human rights and purchasing practices, ensuring that corrective actions are responsive and sustained over time.
- ▶ Provide technical and financial support to suppliers who wish to improve their compliance and progressively work towards paying the living wage, in line with the ETI Base Code.
- ▶ Demonstrate loyalty to suppliers that invest in improving working conditions.
- ▶ Work with shrimp exporters and processors to more equitably distribute risk along the shrimp supply chain, including by introducing accountability mechanisms for cascading sustainable pricing and commitments to living wages down to small-scale processing operations and shrimp farms.

PRINCIPLE 2:

Equal partnership



The purchasing company and their suppliers respect each other as equal business partners, engage in respectful sourcing dialogue, and pursue win-win situations, with a shared responsibility for improving working conditions.

Recommendations for buyers

- ▶ Invest in building long-term, equal partnerships with suppliers that allow for stable sourcing relationships and sufficient time to plan the production process.
- ▶ Engage in good-faith contract negotiations with suppliers, ensuring that contractual terms and product pricing do not undermine suppliers' ability to comply with national labour laws, international labour standards or the buyer's code of conduct.

PRINCIPLE 3:

Collaborative production planning



Production planning is done collaboratively between the purchasing company and suppliers. Any changes are mutually agreed and cannot be detrimental to the supplier.

Recommendations for buyers

- ▶ Engage in collaborative production planning with suppliers. Provide accurate forecasts of order specifications, frequency, volume, delivery dates and certification requirements, while recognising that shrimp naturally vary in size.
- ▶ Engage in regular, ongoing dialogue with suppliers regarding the labour minute costing involved in fulfilling an order – based on reasonable productivity targets that allow for sufficient breaks and fair remuneration in line with national labour laws – and plan lead times accordingly.
- ▶ Adopt a partnership approach to communication and problem solving, communicating any changes in orders in a timely manner, with sufficient lead times to deliver on the changes. Ensure that any cost implications arising from changes to an order after a price has been agreed are reimbursed.

PRINCIPLE 4:
Fair payment terms



The purchasing company and suppliers agree on fair and transparent payment terms that include all relevant information regarding the payment procedure and do not place a disproportionate burden on one party. Contractual obligations are honoured at all times. Payments are made in full and on time.

Recommendations for buyers

- ▶ Seek to agree on fair and transparent payment terms that enable suppliers to pay workers in a timely manner (e.g. capping payment terms at 30 days from FOB shipment date).
- ▶ Make payments on time, based on contractually agreed timelines, and in full with no retrospective or unilateral changes to mutually agreed prices.
- ▶ Compensate compliance with buyer-stipulated sustainability requirements through market rewards such as higher order volumes or increased prices.

PRINCIPLE 5:
Sustainable costing



The costing procedures and levels of the purchasing company reflect and support wage increases and sustainable production. Prices cover all costs of production in line with responsible business conduct and allow for a reasonable and maintained supplier profit margin.

Recommendations for buyers

- ▶ Commit to ensuring that the price paid for shrimp covers the cost of production, including (at an absolute minimum) paying the legal minimum wage and social security benefits along the supply chain. Stipulate this commitment, along with a set timeframe for periodic reviews of production costs, in buyer-supplier contracts.
- ▶ Ensure sustainable costing allows for reasonable and maintainable profit margins for suppliers, to reduce the risk that profit margins will be maintained by violating workers' rights.
- ▶ Develop mechanisms to ensure that rising production costs, particularly increases in the minimum wage or in wage rates covered by collective bargaining agreements, are incorporated into product pricing.
- ▶ In line with the ETI Base Code, ensure pricing structures progressively allow for increases in wages towards a living wage along the supply chain.
- ▶ Understand climate-related risks and support a just transition by proactively working with suppliers to adapt to and mitigate climate impacts, ensuring that the costs of adaptation and transition are not borne disproportionately by workers, farmers or small-scale producers.

Conclusion

This report shows that purchasing practices are a central factor shaping labour conditions across shrimp supply chains. Downward price pressure, below-cost sourcing, short-term contracts, poor forecasting and delayed payments compound risks for workers, particularly those in informal and temporary employment. To ensure respect for human rights, retailers and food companies must recognise that these commercial practices directly influence suppliers' ability to uphold labour standards.

Ignoring these risks carries growing legal, financial and reputational consequences, particularly under frameworks such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Forced Labour Regulation, which heighten expectations on buyers to identify and address adverse impacts linked to their business decisions. While individual companies often struggle to act alone, collective approaches are essential to overcome competitive pressures and misaligned incentives.

ETI's RPP in Shrimp Supply Chains initiative provides a structured way for retailers and food companies to align commercial and sustainability objectives, engage collaboratively with suppliers, and support more sustainable, rights-respecting shrimp supply chains. As regulatory, investor and civil society scrutiny intensifies, companies that engage with RPP now will be better positioned to shape practical solutions, improve conditions for workers and maintain access to key markets. ETI invites all retailers and food companies to join the project and proactively influence how the shrimp supply chain evolves, implementing practices that are practical, responsible and verifiable.'



**Ethical
Trading
Initiative**

ETI is a leading alliance of trade unions, NGOs, and companies, working together to advance human rights in global supply chains.

Our vision is a world of work where everyone's human rights are protected and respected.



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