

Keeping Pace... Means Changing Pace

Fishing smarter, not faster

Groundfish Forum—Barcelona, Spain 2011



*Charles H. Bundrant, Chairman & Founder
Trident Seafoods Corporation*

Thank you all for the opportunity—and the honor—to address this esteemed group of seafood industry leaders, professionals and friends. One thing that truly amazes me is that Trident Seafoods is here at all. When I look back at the competition we faced as a private, 100-percent American-owned company—entering the whitefish business in the North Pacific in the early '80s, with the limited resources we had—I have to salute the ingenuity and the true grit of the fishermen and the processing crews who dug in hard and worked night & day to build our groundfish operations in Alaska and bring them to the level of excellence they exhibit today.

It's been a hell of a fight, and I thank U.S. Senators Warren Magnuson and Ted Stevens for defining the borders, for establishing the rules, and for opening the opportunity for

Americans to enter the competition for groundfish in the 200-mile Exclusive Economic Zone off of Alaska.

The Magnuson-Stevens Act was a remarkable blessing for us in 1976. And we gave it our best shot. We didn't know then what we know today. We had to figure things out on our own. We built plants and developed processes that were entirely new to Alaska. The Magnuson-Stevens Act gave us that chance. It gave us a new responsibility, too—and I'll come back to that in a minute.

In many ways Trident fought the battle for Alaska groundfish with one hand tied behind our back. Some of the other guys in the ring were in great fighting shape already—with horseshoes in their gloves. The prize was two million metric tons of Bering Sea groundfish. I don't blame anyone for wanting that prize—or fighting hard to get a share of it.

I sure as hell didn't come here to whine about competition. If Trident had been knocked out, I wouldn't be whining. I'd be angry.

Trident didn't get knocked out. We were blessed with smart people and good timing...and we were able to compete on the same ocean with others whose blessings came in the form of rock-bottom interest rates—as low as ½ a percent, and 120% subsidized financing on new vessels from Europe. Meanwhile, back in America, we were paying up to 20% for our money.

The playing field wasn't exactly level, but nobody said life was fair. I'm just very grateful to the people who helped us bring Trident to where it is today. People like my partners Kaare Ness, Edd Perry, Mike Jacobson and Bart Eaton, who started their own careers at the bottom of the ladder like I did, with rubber boots on their feet and dead fish in their hands. That's how *we* learned about seafood.

We learned about fish from the ocean—and our fishermen and fish processing crews are still the cornerstones of our business. We learned about boats by designing and building them ourselves. We learned about fish processing by building our own plants with the brains and leadership of people like Paul Padgett, Pat Albee, Chris Riley, and Dave Abbasian. And with the help of guys like Steve Okerlund, we learned about banks and business and navigating board rooms as well as we could navigate the Bering Sea.

We own a lot of vessels and processing plants. But our people are still the biggest assets we have—they truly drive our business and our success. So here we are, and I can assure you, Trident Seafoods is not going away.

Just like so many of you, Trident Seafoods is in this for the long haul. We haven't changed our strategy of continued growth. So, you can plan to see us around for a long time in a lot more places—like China, Southeast Asia and South America.

Whenever Trident considers an acquisition, and we've made several of them in the past 20 years, we don't simply look at the balance sheet or the physical assets. We look at the people, because we know that seafood is complicated. Balance sheets don't tend to themselves, and neither do boats, or processing plants, or customer relationships. It's the people that drive their success.

Speaking of acquisitions and the future of groundfish globally, it's no secret that we will all see more shuffling and more consolidation in the near-term, and in the years to come. Large companies can benefit from economies of scale and so can their customers. Efficiency is not a bad thing, and neither is consolidation—as long as good people and strong customer relationships are considered primary assets of the business. Highly leveraged buyouts very often overlook people, and we need to be wary of deals that would strip their value from our industry.

As some of us move into retirement, naturally you'll be seeing less of the generation that put this company together with hammers and nails. But let me assure you: Trident Seafoods is *not* retiring.

Our philosophy has always been to promote from within and recognize the talent and expertise of those who have grown up in this business. That's why Torunn Halhjem and my son Joe Bundrant are here with me today. Joe and Torunn are part of a new generation of top Trident management who have literally spent the better part of their lives learning about Trident and learning the complexities of the seafood business by throwing themselves into the middle of it every day. Others like Allen Kimball, Chris Arnim, Steve Arber, and Dave Hambleton will be right there beside them as we move ahead. All of them started with rubber boots on their feet and dead fish in their hands, too.

I'd like to invite Joe Bundrant to join me right now. And I want you to know that when Joe Bundrant speaks, he speaks for Trident Seafoods, and he speaks for me.

Thank you.



*Charles H. Bundrant, Chairman & Founder
Trident Seafoods Corporation*

Thanks, Dad—and good morning. It truly is an honor to address you all today...and to speak for him and the 8,000 Trident employees who have great pride in this industry, and all share its future.

My father talks about people, and Trident's commitment to its people. We're going to need good people because the future is bright. It's bright for all of us in the seafood business. But the future is not without challenge.

The world is hungry for healthy protein, and each year the global population grows by 75 million. That's an alarming number of mouths to feed—and in some parts of the world the food crisis is already desperate. It's a sobering challenge, but we'll never meet that challenge or meet our responsibility to feed this planet if we turn our ocean resources over to the alarmists or the desperate.

Greenpeace is not going to solve the food crisis—and fish pirates won't solve it either. So we must continue to demand responsible, sustainable fisheries management to maintain the productivity of the oceans. We need strong management and effective enforcement—particularly on the high-seas. We must also continue to fish smarter, not faster. If we do, we'll have healthy seafood to share with the world for many generations to come.

Our resources have demonstrated their resilience, when they are managed well. Our science-based management system in Alaska has proven itself a model for maintaining healthy stocks at high levels of abundance. Furthermore, our cooperative quota-share system of allocation for pollock has freed us from the “Race for Fish”.

The race for pollock is over in the Bering Sea and Gulf of Alaska—and we can learn from its success. We don’t have to invest in fishing power. Our goal is to fish smarter. Now, we invest in product quality. We invest in product diversification. We invest in product recovery. And we challenge the imagination of our employees to do more and do better with every fish we catch.

All of these investments are paying off. We’re making better products. We’re making healthier products. We’re making more consumer-friendly products. We’re generating more food, and our people are proud of what they’ve accomplished.

We’re making products we never dreamed of from parts of fish we used to throw away. Things like fish stomachs, fish skins and fish bones. Not to mention fish roe, and milt, and fish oil, and fishmeal. That’s the future: better utilization of every fish we catch.

How many of you saw the recent headline in the *New York Times* about pollock bones?

The New York Times
Expect the World®

July 20, 2011

To Nullify Lead, Add a Bunch of Fish Bones

By **FELICITY BARRINGER**

OAKLAND, Calif. — Alaskan pollock is usually the faux stand-in for crab meat or the main ingredient in fast-food fish sandwiches. But now the flaky fish is moving into a new realm — as part of the solution to one of the nation’s longest-running toxic waste problems...

How many of you imagined that pollock bones could neutralize lead in garden soil? How many of you imagined that pollock bones would ever be featured in the *New York Times*. It’s amazing what we discover when we have time to find value in the parts of our catch that we used to throw away.

I want to go back to a comment my Dad made earlier about responsibility. Those of us who share the privilege of access to our ocean resources have a responsibility—not simply to

manage those fish stocks sustainably—but to utilize whatever we catch as completely and creatively as we possibly can. Quota share systems allow us to do that.

In 1995 we produced four different food products from the pollock that came up the ramp. We were racing for fish back then. We didn't have individual quota shares. Now, with quota shares and a cooperative fishery, we slow down, we fish smart, we produce nine different food products, and recover twice as much food from every fish we catch.

The point is this: we *can't* double the amount of fish in the ocean, but we *can* double the amount of food we recover from every fish we bring aboard. It's exactly like making one fish into two fish—and we've already proved we can do it.

So now it's our responsibility to continue creating systems that use fish wisely and completely. It's no different than wise use of water and electricity. We don't have to wait 20 years to double the number of fish in the ocean. By implementing quota-share systems for harvesters and processors and eliminating wasteful practices on a global scale, we could double what we produce tomorrow, and we could stimulate investment in exciting new products yet to be imagined.

Now that we know what's possible, let's accept our responsibility to make it happen. Let's stop racing for fish. Not just in Alaska or the North Atlantic—but on the high-seas and in the developing world. Let's start fishing smart and rewarding those who recover more from every fish they catch. Let's teach the rest of the world and show others how to do better by sharing our science, sharing our policies, and sharing the processes that work. The results could be miraculous.

Right now the pollock bones we used to throw away are making contaminated backyards safe for children to play in, and safe for raising vegetables. We're turning lead into gold with pollock. Who ever dreamed we could do that?

I'll be honest with you—I doubt that pollock bones are going to make us all rich tomorrow. But their story should make us think about tomorrow and consider the blessings and the miracles of the ocean. We all hold the keys to its future.

Let's open the door to a responsible future. Let's find ways to utilize more of what we catch. And let's make more miracles together.

Thank you.