Chain of Custody Program Release

Released 28 March 2019, effective 28 September 2019

MSC Fisheries Standards and MSC Chain of Custody (CoC)/Traceability in Fiji's Longline Tuna Industry – May 2019
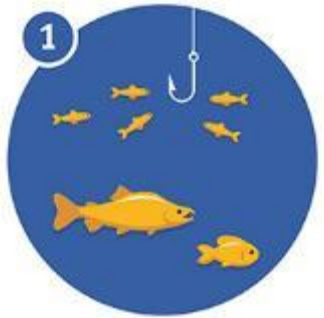
The new Chain of Custody Standard aims to ensure:

- Certification requirements are effective and consistently applied

- The certification process is more efficient

- Access to the MSC program is improved

- The Standard is aligned with industry trends

How we develop our Standards?

1 Identify areas for improvement

2 Research and develop solutions

3 Consult with stakeholders to gather and consider their feedback

4 Be guided and informed by the MSC Technical Advisory Board and Stakeholder Advisory Council

5 The MSC Board of Trustees makes the final decision on changes

6 Evaluate the changes to make sure they have the intended outcome

When do these changes become effective?

The new CoC Standards are released.

| 28 March 2019 | 28 September 2019 |

The new CoC Standards come into effect six months after their publication.

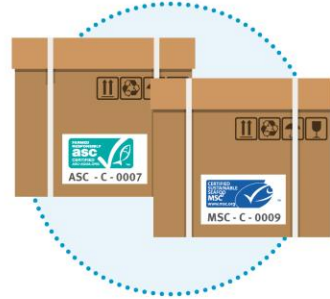# The Chain of Custody Standard: Default Version has five principles

Principle 1

Companies must purchase certified product from a certified supplier

Principle 2

Certified products are clearly identifiable

Principle 3

Certified products are separated from non-certified

Principle 4

Certified products are traceable and volumes are recorded

Principle 5

The company's management system addresses the requirements of the Chain of Custody Standard

What has changed?

New labour requirements for Chain of Custody (CoC) companies

Default CoC Standard v5.0 – new requirements and guidance to ensure product integrity

CFO CoC Standard v2.0 – greater oversight on company's growth and auditing them

Group CoC Standard v2.0 – improved efficiencies and accessibility

CoC Certification Requirements v3.0

General Certification Requirements v2.4

Changes to the Default Standard v5.0

CoC Default Standard changes

The Default CoC Standard has been revised to address the following issues:

- Consistent approach to species/origin mislabelling

- Clarity on clause guidance as it relates to ASC products

- Removal of the exemption for transport companies to adhere to subcontractor requirements

- Streamlining timelines for tracebacks

CoC Default Standard changes

Revised requirements

Systems to ensure products are correctly identified by species and where relevant country of origin or catch area will now be checked at audit

- Based on the legislation in the country/countries of trading.

Guidance on how clauses relate to ASC products now includes:

- Verify the ASC supplier directory to check suppliers of ASC products are certified

- Product testing as a possible process for checking certified status of direct receipts from a farm

- Product from certified ASC farms, but not eligible to be sold as certified by the farm according to the ASC farm Standard e.g. treated with antibiotics, is non-conforming

- ASC may (as a designated agent of MSC) request records or sample products from CoC holders.

Subcontracted transport companies will need to be able to provide access to records or products on request Traceback documents now required in 5 days of request.

Changes to the Consumer-Facing Organisation (CFO) Standard v2.0

CFO Eligibility: CFO central office has common management and oversight of purchases across all sites.

Traceability requirements: Site level traceability back to a certified supplier or deliveries.

Central office management:

- To eliminate use of certified claims when sites are out of scope.

- To inform CAB on any increase greater or equal to 25% of the total site number.

- To receive CAB approval on new operations sites and sites in new country.

Storage and distribution (operations) sites audit at least 1 of them during a certification cycle.

Risk assessment scoring includes recognition of other certifications and country score for corruption perception index (CPI).

An increase in consumer-facing site sample number.

Changes to the Group Standard v2.0

CoC Group Standard changes

Mandatory initial, internal on-site audits

Clarified the intent that an internal on-site audit prior to adding a new site to a Group certificate is mandatory for all Groups which are not under one common management system

↑ Will improve integrity and rigour of Group Standard

Site-specific non-conformities

Removed the need for site specific non-conformities to automatically be raised against Group Management even if they are not systemic.

↓ Will decrease the risk of group suspension

↑ Will increase accessibility

Changes to the CoC and General Certification Requirements

CoC CR and GCR Changes

Highest impact changes

- Increased CAB judgement on surveillance frequency and remote audit eligibility

- CAB to check license status prior to audit

- Clarified need for CoC when consumer ready tamper-proof packaging (CRTPP) opened and transformed

- New scope activities: trading fish meal/fish oil, manual offloading

- CAB to investigate client outside of audit schedule based on MSC evidence. CAB required to respond within 5 days

- Immediate non-conformities after failure to provide traceback records

- Adding a new site within default multisite and suspension for default multisite can be in isolation

New requirements on forced & child labour

New requirements on forced & child labour

Objective: Mitigate the risk that certified organisations and their subcontractors use forced or child labour, to provide greater assurance that certified product is not associated with egregious labour violations.

Requirement: Organisations must complete a labour audit against a recognised third-party labour audit program, <u>unless</u> they are lower risk according to selected internationally recognised indicators.

Recognised programs: amfori BSCI, SA8000, SEDEX SMETA, Consumer Goods Forum's SSCI-recognised schemes

When is a labour audit required?

It is required if CoC scope activities include processing (including contract processing), packing or repacking, or manual offloading from a fishery **unless** companies are lower risk according to two or more of the following indicators:

- ☐ SA8000 Country Risk Classification

- ☐ International Trade Union Confederation Global Rights Index

- ☐ Ratification of 5 or more of UN conventions on forced or child labour, human trafficking or seafood/fishing

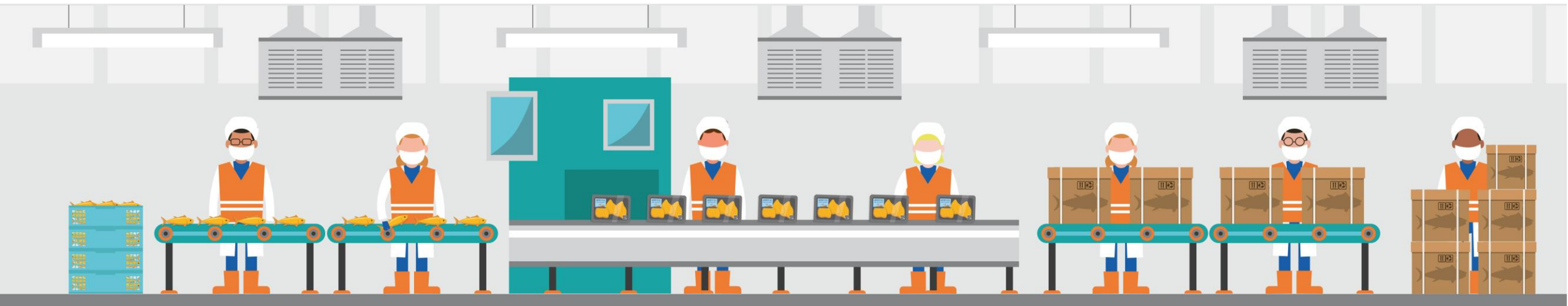- ☐ US Department of Labor List of Goods made with incidence of forced and child labour

The indicators are all **publicly available**, **transparent** and compiled by **competent organisations**

Why a risk-based approach?

- Reduce audit burden where risk is low
- Target countries with weak legal framework and/or weak law enforcement

Process:

- Country risk levels will be provided to CABs annually by the MSC

- CABs and companies will verify compliance using the MSC Third-Party Labour Audit Requirement (new document)

- Any non-compliance will result in a Major Non-Conformity

- Suspension only if forced or child labour found on-site and not addressed and/or reported to the CoC CAB

Timeline:

12 months grace period for labour requirement implementation

For example: If a processor in Thailand has their audit on 1 October 2019, they will:

- Be notified of their risk level i.e. Standard risk

- Sign the Statement of Understanding document

- Implement and achieve social audit by 1 October 2020

Thank you!

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