



Marine Stewardship Council

Chain of Custody (CoC)

**MSC Fisheries Standards and MSC Chain of Custody
(CoC)/Traceability in Fiji's Longline Tuna Industry – May
2019**

The Chain of Custody program



Purpose: Traceability of certified seafood through the supply chain

- May be **several years** between fish being caught and finally being sold in retailer
- Seafood may travel **around the world** e.g. caught in US, processed in China, sold to consumer in Germany
- Companies handle **certified and non-certified seafood**, and different species can be indistinguishable in final product.

Figure 1: Global seafood trade flows



Source: Rabobank, 2015

The consequences of mislabelled seafood



Illegal, unreported and unregulated (IUU) fishing

The trade of vulnerable species can go unnoticed

Consumer deception

Risks to consumer health

Atlantic
cod
€25/kg

Pangasius
€4/kg

MSC standards and eco-labelling program



Sustainable and traceable seafood standards



The Chain of Custody (CoC) program



What does MSC Chain of Custody do?

The procedures implemented by organisations purchasing or handling certified products:

- ensure conformity with the MSC CoC Standard
- provide assurance that certified products are segregated from non-certified products
- allow traceability back to a certified source

How does it do this?

Supply chain companies:

- Implement relevant systems and procedures
- Are independently audited to verify their compliance



Our theory of change



20 years

of working with industry to deliver sustainability

More than

4600

Chain of Custody certificate holders

114

countries selling MSC labelled products

37%

consumer recognition (global average)

Over

38,000

products on sale with MSC label

US\$5.6bn

spent by consumers on seafood with MSC label

108

leading companies have commitments to source MSC

108

species available with the MSC label

200

MSC staff of £15m budget

23 CABs

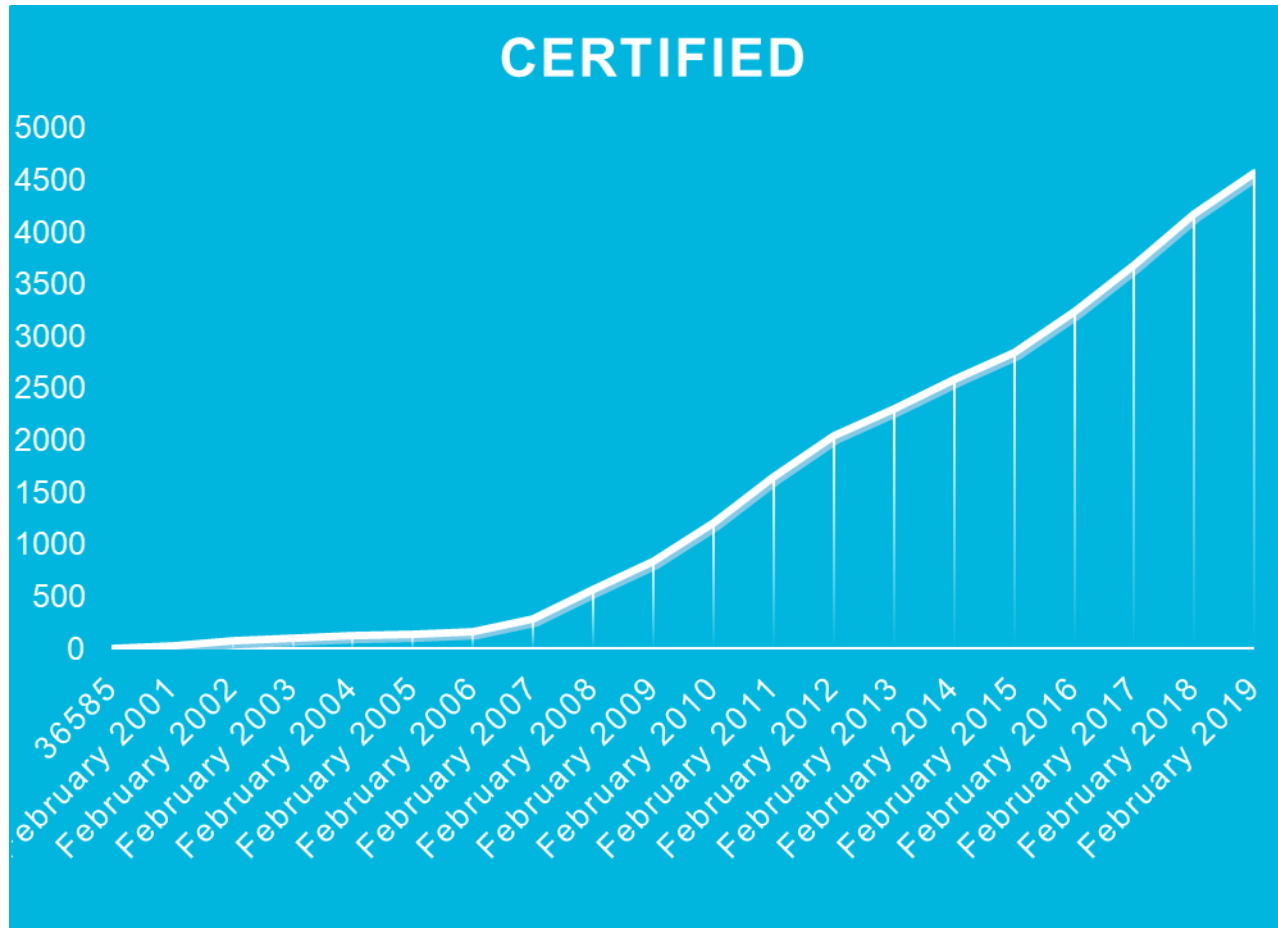
400 CoC auditors



The Chain of Custody programme



Growth of CoC certificate (May 2019)

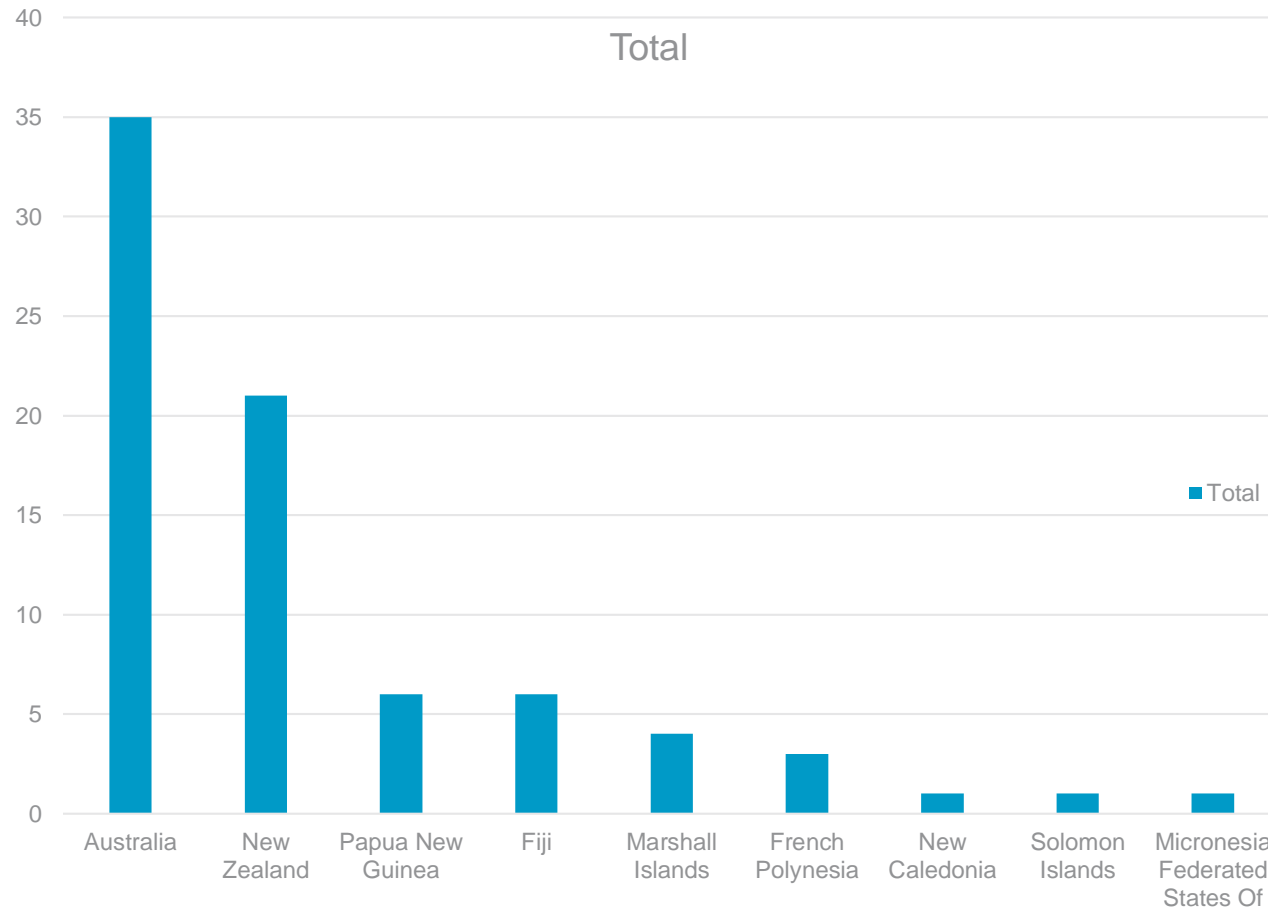


- The first CoC certificate was first issued in **February 2000**
- **4,683** CoC certificate holders
- **37,545** consumer-facing MSC products on the market
- **100** countries with valid CoC certificate holders
- **Fiji** has **6** valid CoC certificate holders

The Chain of Custody programme in Oceania

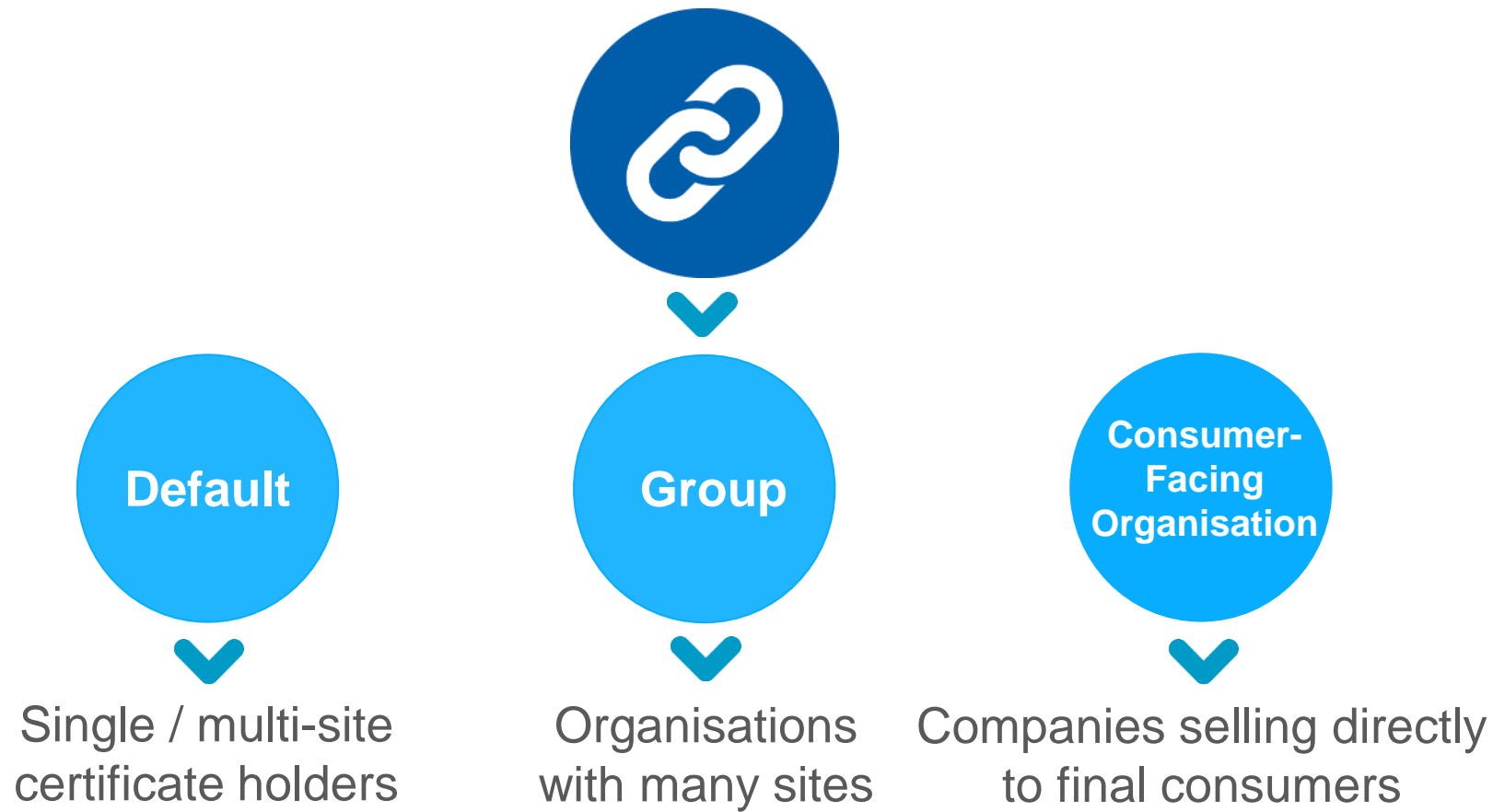


Growth of CoC certificate (May 2019)



78 Chain of Custody Certificates

The MSC Chain of Custody Standard versions



The MSC Chain of Custody Standard versions



Default (single/multi-site)

Anyone handling or trading certified products. It targets companies with a single site (physical location) or small number of sites.

Each site individually audited and a single certificate will be issued.

For companies with numerous sites, each site is individually audited. One certificate and CoC code shared for all sites.

Examples:

- A trading company with one office (single site certificate)
- Processor with two factory locations (multi-site certificate)

The MSC Chain of Custody Standard versions



| Default (single/ multi-site) | Group |
|--|--|
| Anyone handling or trading certified products. It targets companies with a single site (physical location) or small number of sites. | Anyone handling certified products at multiple sites, where each site is <u>controlled by a head office</u> . |
| <u>Each site individually audited</u> and a single certificate will be issued. | <u>Only a sample of sites & the head office</u> are audited each year. |
| For companies with numerous sites, each site is individually audited. One certificate and CoC code shared for all sites. | A single CoC code & certificate are shared across the group. |
| Examples: <ul style="list-style-type: none">• A trading company with one office (single site certificate)• Processor with two factory locations (multi-site certificate) | Examples: <ul style="list-style-type: none">• A large wholesaler with dozens of warehouse• A group of independent processors |

The MSC Chain of Custody Standard versions



| Default (single/ multi-site) | Group | Consumer-Facing Organisation |
|---|---|--|
| Anyone handling or trading certified products. It targets companies with a single site (physical location) or small number of sites. | Anyone handling certified products at multiple sites, where each site is <u>controlled by a head office</u> . | Anyone that sells/ serves certified products exclusively or <u>primarily to final consumers</u> . For single site or for chains under a <u>common management</u> . |
| <u>Each site individually audited</u> and a single certificate will be issued. | <u>Only a sample of sites & the head office</u> are audited each year. | <u>Only a sample of sites & the head office</u> are audited each year. |
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| Examples: <ul style="list-style-type: none"> • A trading company with one office (single site certificate) • Processor with two factory locations (multi-site certificate) | Examples: <ul style="list-style-type: none"> • A large wholesaler with dozens of warehouse • A group of independent processors | Examples: <ul style="list-style-type: none"> • Restaurant franchise with 100 sites in different countries • Retail fish counter • Contract caterer with central kitchen & 10 food serving stores |

How does CoC provide assurance?

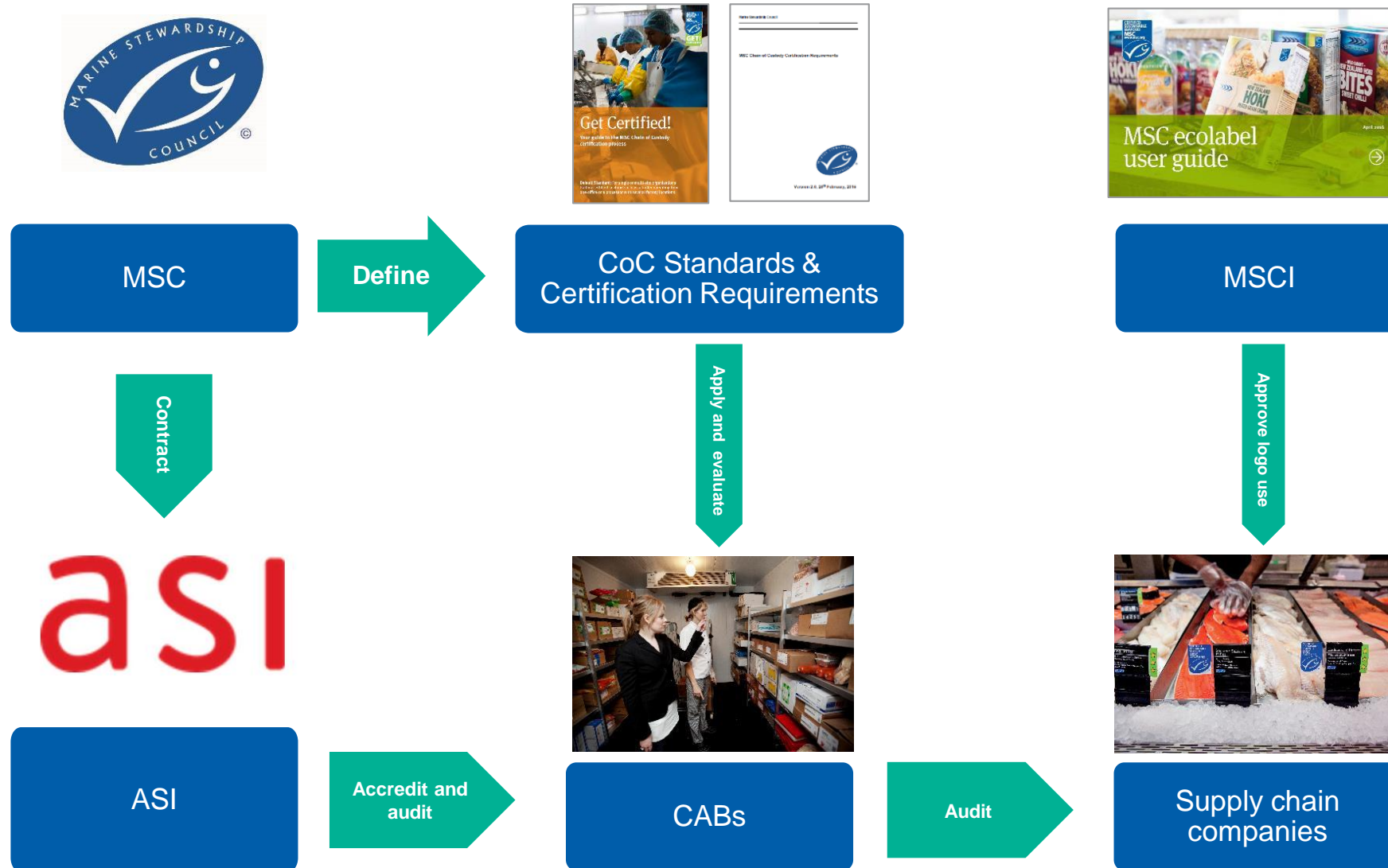


Five principles ensure continuous Chain of Custody (CoC):

- 1 Certified products are purchased from certified suppliers
- 2 Certified products are identifiable
- 3 Certified products are segregated
- 4 Certified products are traceable and volumes are recorded
- 5 The company has effective management system



Independent third-party assurance



Principle 1: Purchasing from certified suppliers

- Only buy certified products from certified suppliers, fisheries or farms
- Have a process to confirm the certified status of products upon receipt (for example, checking the documentation at goods-in)

→ Search for certified suppliers on:

MSC – [msc.org/suppliers](https://www.msc.org/suppliers) or
'[Fisheries in the MSC program](#)'

ASC – [asc-aqua.org](https://www.asc-aqua.org)



Principle 2: Certified products are identifiable

- Certified products shall be identified as certified at all stages of purchasing, receiving, storing, processing, packing, labelling, selling and delivering, except for sales invoices to final consumers
- Must have a system to ensure packaging with the label cannot be used for non-certified products and certified product cannot be mislabelled by species nor origin

Guidance

Where it is impossible or impractical to label physical products (e.g. fish in a defrosting tank) the organisation will need to demonstrate how the product can be linked with associated traceability or inventory records that specify the certified status.





Principle 2: Certified products are identifiable

- If products are sold as certified, they shall be identifiable as certified on the line item of the related invoice, unless all products on the invoice are certified, or it is a sales invoice to final consumers
- If certified products are promoted as certified or the MSC label is used, the organisation needs a valid MSC License Agreement



Principle 3: Certified products are segregated

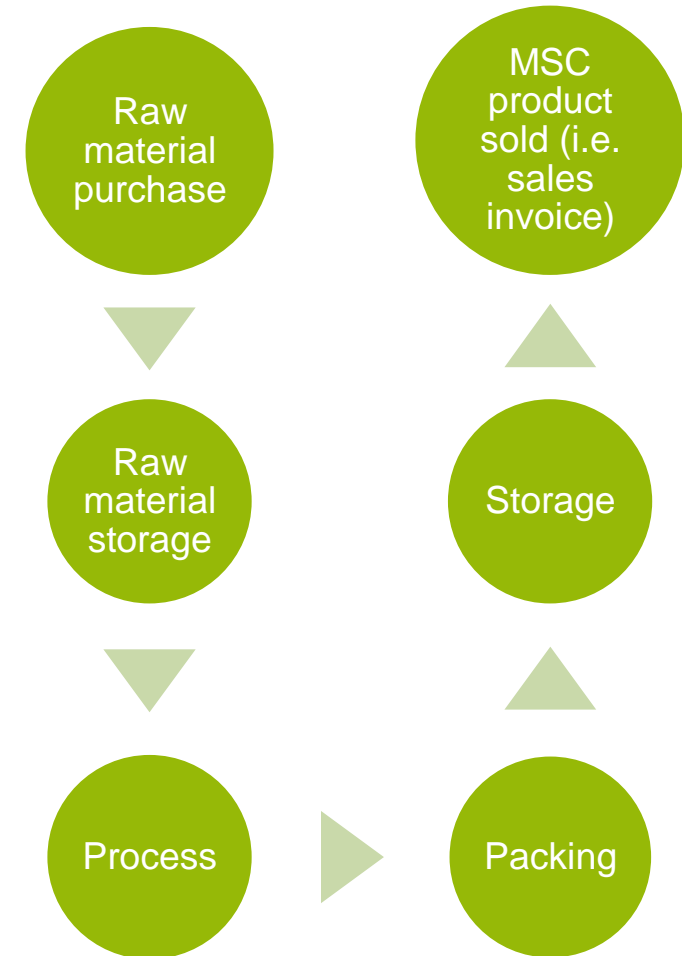
- No substitution or mixing of certified and non-certified seafood if the organisation wishes to sell the product as 'certified'
- Following specific permission from MSC, an organisation may:
 - Use a small percentage of non-certified product as an ingredient in certified products
 - Mix certified seafood from different standards that use the MSC CoC standard and sell it as certified, e.g. ASC.



Principle 4: Certified seafood is traceable and volumes are recorded

Principle 4 requires the organisation to have a **traceability system that allows:**

- Any product or batch sold as certified to be traced back from the sales invoice/point of serving to a certified supplier.
- Any product identified as certified upon receipt can be traced forward from point of purchase to point of sale/serving
- Traceability records need to be able to link certified product at every stage between purchase and sale - as well as any handling by subcontractors
- Records must be maintained and allow the volumes of certified inputs and outputs to be calculated over any time period.



Principle 5: Management system

Principle 5 specifies that:

- The organisation must have policies and procedures which cover all elements of the standard.
- In addition:
 - Responsible personnel must be trained and competent to ensure conformity with this standard
 - Records that demonstrate conformity with the standard must be held for three years (or the shelf life of the product, whichever is longer)
 - The client must appoint a designated MSC contact person to work with the certifier and respond to any requests for documentation or information related to CoC conformity.



The principles of the Chain of Custody Standard

Relates to....

Management

Segregation

Traceability

Purchase from a certified supplier

AND?





Product claims

A product may have a variety of claims on pack, for example....

- Species
- Provenance
- Sustainable

The **MSC logo** is the assurance that the product has come from a sustainable fishery.

The **ASC logo** assures that the product has been responsibly farmed.

MSC Standards do not include...

- ✗ Food safety / quality (organic, GMO, health, freshness)
- ✗ Carbon and energy emission
- ✗ Pollution / radiation

Who needs Chain of Custody certification?



Start of Chain of Custody

During the fishery assessment, the fishery certifier will assess the risks to determine where Chain of Custody needs to start. This could be...

- At catch (on board the vessel)
- At landing (the majority of cases)
- Processing within the fishery

CoC always begins at or before first sale from the fishery client group

- Auctions, agents and on-land storage may be included if the assessment team has reviewed traceability at these steps.





Traceability is evaluated during a fishery's full assessment. This includes:

- **Description of the traceability systems in place**
- **Description of any risks of mixing or substitution**
- **Description of the relevant mitigation measures, including fisheries management controls**
- **Where CoC needs to start**

What are traceability risk factors in a fishery?

- Use of non-certified gear/s
- Fishing outside the UoC (on the same or different trips)
- Vessels outside of the UoC or client group fishing the same stock
- Any storage, transport, auctions or other handling activities that take place in the fishery
- Processing before CoC begins (at sea or on land)
- Transshipment
- Any other risks of substitution

Who needs CoC certification?



End of CoC – Consumer ready tamper proof

- As it will be presented to the ultimate consumer
- Packaged **OR** identified as MSC/ASC by a tag
- Identified by an MSC mark that cannot be removed or if removed it cannot be re-used





When CoC is needed?

- ✓ All companies buying and selling certified seafood require Chain of Custody certification
- ✓ Companies handling product but not taking ownership may obtain certification, or be audited within the legal owners certification
- ✓ Certification is needed for all legal owners in the supply chain to restaurants or catering

When CoC is not required?

- X Companies handling finished retail packs
- X Companies buy certified products but do not wish to sell them as certified
- X Companies do not take legal ownership of certified seafood

In summary



Systems and records

Buy certified fish from certified suppliers

Keep it separate – know where it is

Label it properly and correctly

Only sell certified fish as MSC/ ASC



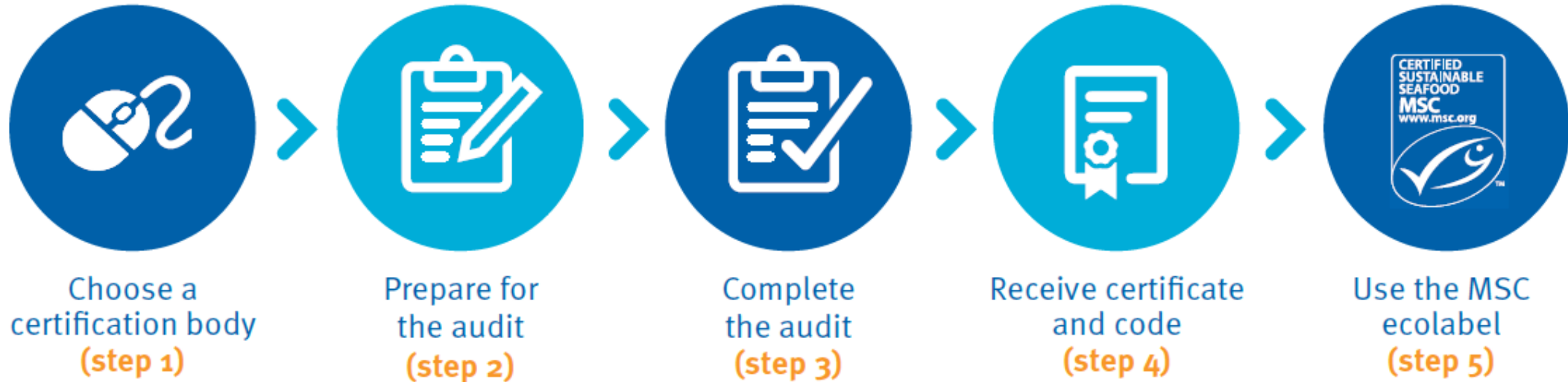
Audit process

*- from application to the
award of a certificate*

Last updated: February 2019



Chain of custody certification process



The MSC and ASC (Aquaculture Stewardship Council) have partnered to share the MSC Chain of Custody Standard. This means companies can have one certification audit that covers both MSC and ASC product.



Roles & Responsibilities

- **MSC:** sets the Standards for the fishery and supply chain, and the requirements for certification
- **Conformance Assessment Bodies (CABs):** audit companies in the supply chain against the Standard
- **Assurance Services International (ASI):** verifies that the CABs meet the certification requirements
- **MSCI:** issues licenses for use of the MSC ecolabel, and approves packaging designs

Step 1: Getting started



Choosing a certification body

- **Certification body** – provides an independent evaluation of a company's chain of custody procedures
- Approach more than one certification body for comparative quotes. The MSC cannot influence the cost of certification, nor does MSC receive any payment
- Once a certification body is chosen, agree on a contract that includes elements specific to the business as well as some specified by the MSC

Find an accredited certification body
msc.org/cabs

Useful information:

- ✓ Species
- ✓ Activities (i.e. packing, processing or trading)
- ✓ Supplier (certified or not)
- ✓ Location and sites
- ✓ Any subcontractor used
- ✓ Handling MSC/ASC certified and non-certified products?

Step 2: Preparing for the audit



Preparation is key

During the audit, the auditor will assess whether the company meets the standard.

- **Training staff:** Ensure all responsible personnel understand their role in maintaining CoC and product integrity (Principles 5)
- **Pre-audit checklist:** The MSC pre-audit checklist can help determine whether the company meets the standard, and whether any adjustments are required
- **On-site check:** Conduct a practical, on-site check before scheduling an audit to avoid non-conformities



Use the MSC pre-audit checklist:
msc.org/docs/coc-pre-audit-checklist-v2

Step 3: The audit



Auditor looks for evidence that demonstrates the effectiveness of the measures and systems the company has in place

Where? Most audits will take place on-site at the company's premises, and will be repeated for every site included in the certificate. Remote audits are possible in some cases.

How long? The audit duration varies depending on the company's size, complexity and number of certified species you intend to handle. A minimum audit duration of 12 hour is set for some cases.

The audit can still be conducted even if the company has not yet bought certified seafood. Instead, the auditor will look at similar products to evaluate the company's measures.



Step 3: The audit



The audit starts with an opening meeting.

Auditors will confirm the company's eligibility, the audit plan, the certificate's scope, the types of the documents for review, and visits to subcontractors or other sites where relevant.

| Check | Review |
|---|---|
| <ul style="list-style-type: none"><input type="checkbox"/> The measures taken to segregate, identify and prevent mixing between certified and non-certified<input type="checkbox"/> The permission to use the trademarks, asking for proof of approved packaging designs covered by a valid licence<input type="checkbox"/> Your Labour Risk Score and whether a labour audit is required | <ul style="list-style-type: none"><input type="checkbox"/> The management system/s for each activity in scope<input type="checkbox"/> The content and implementation of written procedures<input type="checkbox"/> The records showing purchase, receipt, sale and physical handling of certified species |
| Interview | Verify |
| <ul style="list-style-type: none"><input type="checkbox"/> A sample of responsible personnel on their competency, understanding and application of the standard | <ul style="list-style-type: none"><input type="checkbox"/> The company and any subcontractor's records: traceability tests, matching purchase with delivery records, input-output reconciliation<input type="checkbox"/> Your company complies with the relevant MSC third party labour audit requirements |

The auditor will follow by concluding their findings and summarise any non-conformities.

Step 3: The audit



Non-conformities

Two grading for non-conformities:

| Minor non-conformities | Major non-conformities |
|--|--|
| Where the company does not comply with the MSC standard, but the integrity of the chain of custody <u>is not</u> jeopardised | Where the company does not comply with the MSC standard, but the integrity of the chain of custody <u>is</u> jeopardised |

Audit closing meeting: The auditor will call a closing meeting to summarise their findings, including any non-conformities, the details and timeframes of any actions that need to be taken before certification can be awarded.

Examples:

- X Sourced from any Regional Fisheries Management Organisation (RFMO) blacklisted vessels
- X Staff present insufficient knowledge and understanding to chain of custody that compromise product integrity



After the audit

- maintaining certification, using the MSC trademark and reporting changes

Last updated: May 2019



Step 4: After the audit



Close out non-conformities:

The company will receive the completed audit report. If there were non-conformities raised, the company will be given a specific timeframe to address them:

| Minor non-conformities | Major non-conformities |
|--|---|
| An effective action plan proposing corrective actions and timeframes to implement them | An effective action plan with root cause analysis, corrective actions and timeframes to address them, in order to close or downgrade the non-conformity within 90 days of the initial audit |

Determining certification:

Within 30 days of the audit/of receiving evidence to the closure of non-conformities, the certification body will determine the certification.

Once certified, the company's status should appear as "valid" on the MSC Find a Supplier directory:

[msc.org/suppliers](https://www.msc.org/suppliers)



Step 5: Using the MSC trademarks

The MSC label is an effective tool to communicate sustainability to seafood consumers.

To use the MSC trademarks on any materials that will be seen by the end consumers or by business for promotional purposes, the company must sign a Licence Agreement. To consult the cost of using the MSC trademark: **[msc.org/ecolabel](https://www.msc.org/ecolabel)**

To use the ASC trademarks, sign a separate Licensing Agreement



The certificate is valid for three years

During this period, companies will receive surveillance audits. Re-certification audits take place every three years.

Surveillance audits: These are either every 12 months or every 18 months for some cases. They might also be conducted remotely if companies meet certain criteria.

Unannounced audits: Each certification body must conduct unannounced audits for at least 1% of their clients.

Non-conformity at surveillance: The auditor may raise a non-conformity where there is a deviation from the standard. Companies are required to take actions.

Suspension

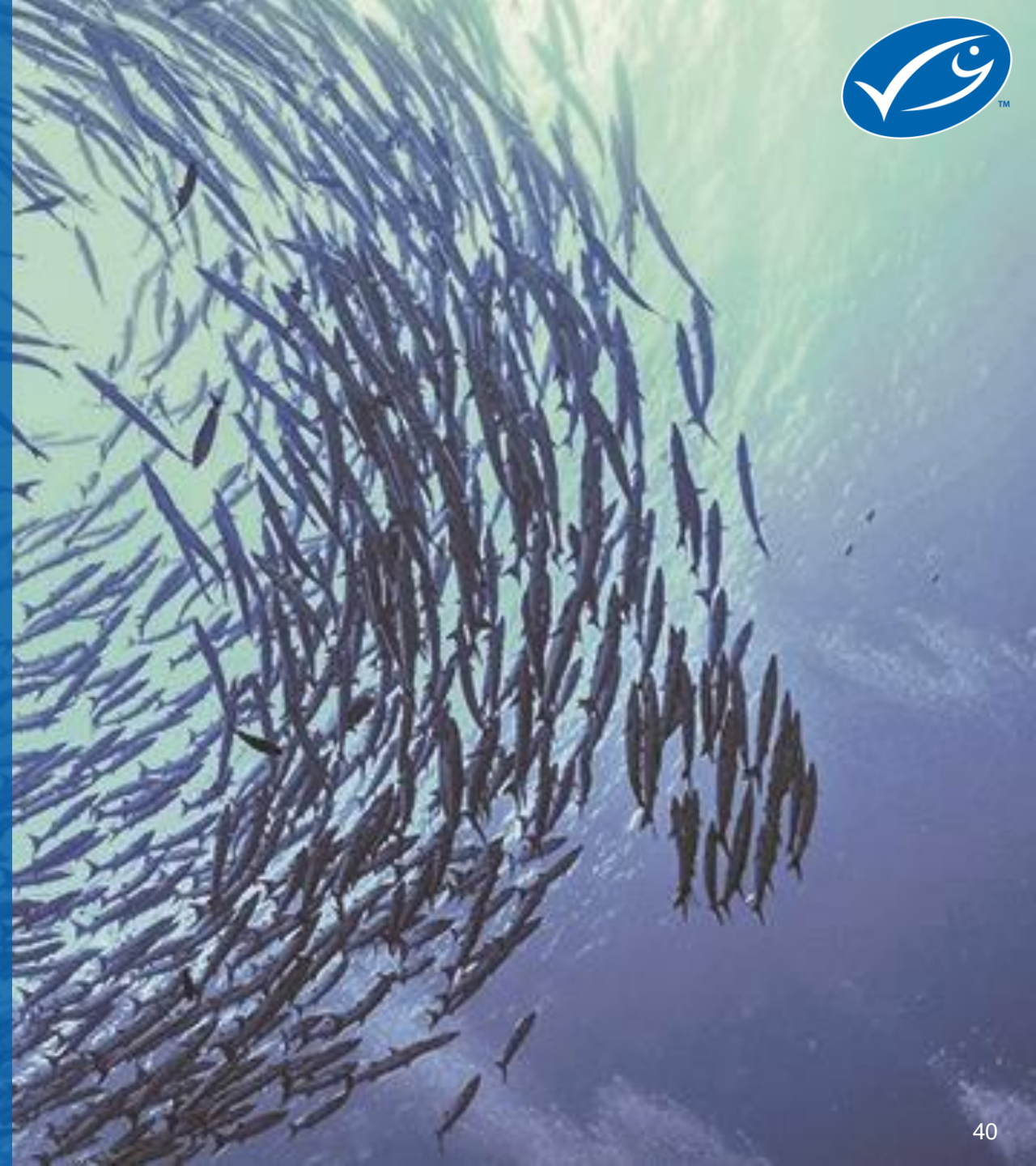
In the event of breaches of product integrity or the chain of custody, there is cause for immediate action. A certificate can be suspended in the case of:

- Breakdown in the chain of custody
- Sale of non-certified seafood as certified
- Not addressing major non-conformities within specific timeframe
- Not agreeing to surveillance/re-certification audit



Reporting changes

- ✓ Finding non-conforming product
- ✓ Adding certified species
- ✓ Buying certified product from a new supplier
- ✓ Undertaking a new activity that is not already in scope
- ✓ Using a new contract processor or packer for certified seafood
- ✓ Buying product certified to a scheme that shares MSC Chain of Custody
- ✓ Adding a new site to your certificate
- ✓ Appointing new staff as MSC contact person
- ✓ Changing certification body
- ✓ Complaining about auditor or certification body
- ✓ Handle under-assessment fish
- ✓ Change a site address or company name



Traceability in the fishery assessment





Within the fishery assessment

Defining the Unit of Assessment

Consider
traceability factors
and risks

Determine the eligibility date

Agree with fishery
client

Complete the assessment

Determine if
traceability
systems sufficient

Surveillance audit

Review changes
affecting
traceability



Defining the Unit of Assessment

Consider traceability factors and risks

1. Do the following risk factors exist:

- Use of non-certified gears within the UoC
- Vessels within UoC enter non-certified catch areas
- Vessels outside the UoC catching same stock
- Any other substitution risks.

2. Will under-assessment product be stored by the fishery client

- If the fishery client wishes harvest caught between publication of 'Public Comment Draft report' and certification to ultimately be considered as certified they need to put effective systems of segregation and traceability in place.



Determine the eligibility date

Agree with fishery client

Eligibility date = harvest date from when fish caught can ultimately be considered certified. This fish is considered 'under-assessment' until the fishery is certified. Only the fishery client (or subcontracted storage) can handle 'under-assessment fish'.

1. **Confirm the date** as either:
 - Date of certification, or
 - Publication date of the Public Comment Draft Report
2. **Confirm that the fishery client is aware of the requirements for handling under-assessment product**
 - Traceability and segregation systems covered in the Chain of Custody Standard.



Complete the assessment

Determine if traceability system is sufficient

1. Define the Unit of Certification (UoC)

- The Unit of Certification may limit eligibility of fish from the fishery on the basis of: gear, catch area, catch vessel, companies or agents that can sell, product form (e.g. exclude oil/ meal), eligibility date, need for chain of custody audit of the fishery.

2. Confirm the systems to track and trace product to ensure that if sold as certified it is coming from the UoC

- Consider for every step of handling
- Include that traceability records must demonstrate this



Complete the assessment

Determine if traceability system is sufficient

3. What are the risks and how are they mitigated

- Non-certified gear in the fishery
- Vessels from UoC going to catch areas outside UoC
- Vessels outside UoC target same stock
- Risks of mixing between certified and non-certified at all handling steps (including on land, sales and auctions)
- Risks of mixing at processing (at sea and on-land)
- Risks of mixing at transshipment
- Any other risks of substitution

Where applicable, a description of relevant mitigation measures or traceability systems (this can include the role of existing regulatory or fishery management controls)



Complete the assessment

Determine if traceability systems sufficient

4. What is the eligibility of product

- Where is product landed
- When does product change ownership from fishery client (NB. Chain of Custody must start at or before this point)
- Which agents/companies are eligible to sell
- Based on risks/systems in place is a Chain of Custody audit needed prior to change of ownership
- Are there Inseparable or Practically Inseparable fish, and can they be considered certified.

5. Does the fishery client understand the non-conforming product procedure

- Actions to take: notify and stop sale when fish not part of the UoC is sold as certified and the fishery client detects this.



Surveillance audit

Review changes
affecting
traceability

Consider changes affecting ability to segregate MSC and non-MSC product

- Request information from the client
- Review the impacts of the change

Traceability in the fishery assessment



What is MSC looking for?

1. Describe flow of product. Catch to Sale.
2. Explain how you can trace from sale to UoC
3. Where substitution with fish outside UoC could occur
4. Systems/measures in place to prevent this happening
5. Who/where fish can be sold as certified, and any limiting factors (e.g. sharing agreements)



Any questions?





Thank you

For more information, please contact:

Bill.holden@msc.org or supplychain@msc.org