1. Executive Summary

The Fishery Traceability project builds on improvements to reporting made in the 2014 release of the Fisheries Certification Requirements (FCR) and aims to address remaining issues with consistency and transparency in assessing fishery traceability and determining the start of Chain of Custody (CoC).

Proposals have been developed following feedback from stakeholders and further research into how current requirements are being applied. The proposals require earlier consideration of traceability in fishery assessments, support decision-making on traceability risks and where CoC should begin and also ways to improve application of CoC to at-sea activities. Other smaller changes are proposed to support these priority areas. MSC will collect feedback to further progress and implement the proposals outlined.

Key Points
Proposed changes to MSC scheme documents include:
- Earlier consideration of traceability
- More support for decision-making on traceability risks, and where CoC should begin
- Ways to improve application of CoC to at-sea activities.

2. Purpose of the consultation

The Fishery Traceability project aims to improve clarity, consistency and transparency in the traceability requirements within a fishery assessment, including the start of the Chain of Custody (CoC). This consultation aims to collect feedback from MSC fisheries and client group members, supply chain companies and other stakeholders on the traceability proposals outlined in this paper.

3. Background

The changes brought in with the Fisheries Certification Requirements (FCR) v2.0 have significantly improved the format of traceability reporting. Nonetheless, some challenges persist that may pose a reputational risk to MSC by contributing to fraud and mislabelling, as well as cause difficulties and/or confusion among certifiers (CABs) and fishery clients due to unclear wording in the requirements. Background on the nature of these challenges is described in detail in previous consultation documents.

Feedback has been collected thus far through:
- MSC public consultation, March–April 2016
- Review of fisheries reports (Public Certification Reports), March–May 2016
- MSC Technical Advisory Board Working Group, June 2016
- Seattle CAB calibration workshop, June 2016
- Washington DC Principle 3 calibration workshop, August 2016
- Visits and conversations with auction owners, fishery clients, buyers from the fishery and regional Outreach contact
- Technical Advisory Board, November 2016.

Following the above research and consultation, advances were made to the scope and direction of the proposals. These can be considered in four categories:
4. Considerations

This project has a number of objectives to improve the quality and consistency of traceability reporting at the fishery client level, while providing guidance and support to simplify the process for fisheries assessors. In addition, program growth in RFMO managed fisheries means increased risks from problems associated with segregation at sea.

This project includes the following proposals to improve robustness and transparency of this process:

a. To improve the quality, consistency and transparency of fishery traceability information, leading to earlier detection of potential traceability risks within a fishery to ensure they are effectively addressed.

b. To support fisheries assessors to be able to identify traceability risks within a fishery client as well as appropriate mitigation measures, to guide their decision-making and improve consistency in where CoC begins.

c. To explore how the CoC audit process may be adapted to better suit at-sea and on-board activities, including making a summary of the at-sea CoC audit publicly available and open to stakeholder comment.

d. To strengthen accountability of:
   i. mislabelling and substitution within a fishery client
   ii. adherence to rules for fishery clients with certificate sharing agreements in place
   iii. verification that product being sold as MSC does come from the UoC.

MSC is also looking into the possibility of deprioritising some of these changes for the current FCR review and instead looking at how a limited set of core traceability requirements could be introduced in the Fishery Standard during the next review. As this is very early stages, MSC welcomes feedback on how we might approach the possibility and what we should consider as we do so, including any potential impacts on applicant or certified fisheries.

5. Proposals

The Fishery Traceability project includes proposals for changes to the FCR, CoC Certification Requirements (CoC CR), CoC Standard and the General Certification Requirements (GCR). The below proposals will be considered as part of the 2017 CoC Program review, and GCR and FCR reviews. For a more detailed look at the proposals, please see Appendix A.

<table>
<thead>
<tr>
<th>Category</th>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Frontloading traceability information in the fishery assessment process</td>
<td>Add traceability elements to the client document checklist template sent by CABs to clients at the beginning of the fishery assessment. (Similar to what is found in Table 4 of the Full Assessment Reporting Template)</td>
</tr>
</tbody>
</table>
## 2. Consistency in when CoC is needed

Encourage consistency and transparency in determining when CoC should begin, by helping fishery assessors guide their decision-making. This is a two-part proposal:

- Design a decision tree (or risk matrix) to improve clarity of requirements to improve consistency and transparency on when CoC is required. A draft of the decision tree can be found in Appendix B.
- Revision to FCR v2.0 clause 7.12.2.1b: Require CoC unless adequate traceability systems and processes are in place. This could be at sea or at landing. MSC is also considering defining critical risk factors to help identify cases where CoC is always needed.

## 3. Traceability at sea and transparency (including tuna)

There are three elements to this proposal that aim to improve consistency, rigour and transparency in fisheries that handle certified and non-certified product on the same trip:

- MSC has recently developed an interpretation for use in the short term that provides guidance on best practice recommendations for complex high-risk tuna fisheries that require CoC at sea.
- When CoC is applied at sea, the requirements and audit process would be better tailored to effectively apply to vessels and at sea activities.
- Where CoC at sea is required, information about the systems in place would be made public and open to stakeholder comment.

## 4. Other changes

### 4a. Changes to General Certification Requirements (GCR)

Three proposals to improve traceability assessment and its associated reporting in the fishery report:

- Require a CoC trained auditor to review traceability section of fishery assessment.
- Require at-sea CoC audits to be by same CAB as fishery certification.
- Add contract requirements between CAB and client to cover accountability for mislabelling.

### 4b. Verifying the Unit of Certification

- Add clause and guidance to Principle 1 of the CoC Standard to require first party buyer from a fishery to verify MSC eligibility of product (using UoC pages).
- Explore opportunities to provide access to up-to-date vessel lists of certified fisheries

### 4c. Extent of client group membership and vertical integration

- Clarify FCR wording around eligibility and process to join client group
- Review current practices and provide guidance for managing certificate sharing agreements with restricted eligibility, e.g. ‘pending eligibility’ claim
- Review impacts of new under-assessment product rules on client group members and determine whether further changes or guidance is needed
- Consider as part of Proposal 2 on determining the start of CoC for vertically integrated companies and client groups with on-land activities.
- Consider as part of Proposal 4b on what should be expected of buyers from fisheries with certificate sharing agreements that limit eligibility of product

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**Additional considerations**
4d. Auctions and agents

Stakeholder feedback and CoC staff auction visits suggest this issue may be confined to specific regions. Rather than a stand-alone project, issues around auctions and agents have been integrated into Proposal 2 as well as 4b and 4c.

The Variation Request Form – Agents is being used successfully. MSC is also reviewing its definition of legal ownership,1 which may redefine who needs CoC. If a change is made, there may be impacts on auctions and agents. As such there is close collaboration between the two projects to ensure consistency and representation.

4e. Fishery Standard P3 and traceability

Stakeholders noted the relevance of information provided as part of Principle 3 Fishery Standard assessment to traceability. A Principle 3 Calibration workshop collected further feedback supporting upfront consideration of traceability earlier in assessment process.

Recommendations from CABs are built into Proposal 1 and 4a.

6. Potential interactions with other work

The interactions with other projects include:

- Legal Ownership revision – who needs CoC and where CoC should begin.
- Simplification for fishery assessments – frontloading traceability information to the beginning of the fishery assessment.
- Product Provenance & Key Data Elements – improving traceability back to the UoC and verification of product origin (e.g. first buyer verification that product comes from the UoC).
- In Transition to MSC Program – reduce the complexity of traceability requirements; improve the process for identifying traceability risks early in the process to avoid potential delays to selling certified product upon certification of the fishery.

7. Next Steps

All consultation feedback will be anonymised and published in a report on the MSC Program Improvements website after the consultation closes. This will also be emailed to all respondents. The table below shows planned activities for this project over the next six months.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation and visit to tuna fisheries to strengthen understanding of tuna fisheries operations and the traceability systems in place, to support work on enhancing CoC application of at-sea operations</td>
<td>February 2017</td>
</tr>
<tr>
<td>Impact assessments through research, discussions, site visits and consultation survey outcomes, to thoroughly understand the different ways in which different fisheries may be affected by the proposed changes</td>
<td>February–June 2017</td>
</tr>
<tr>
<td>Workshop with CABs (also known as certifiers)</td>
<td>March 2017</td>
</tr>
<tr>
<td>Workshop with CABs</td>
<td>July 2017</td>
</tr>
<tr>
<td>Additional testing and research</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

8. Who can comment? How do I give feedback?

This consultation is public and open to all interested parties.

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1 CoC CR clause 6.1.1.1: Organisations are considered to be legal owners if they issue invoices related to the sale of certified products and collect payment for the sale of certified products, or are able to demonstrate their financial ownership of certified materials based on other documentation (such as internal transfer slips, contracts or deeds). Applicants that do not take ownership can choose to become certified if they wish. Organisations that are trading or handling products from certified fisheries or farms but do not ever identify or sell these as products as certified or with the certified claim will not require CoC certification.
The online feedback survey allows you to respond to specific questions on this topic. We also welcome any more detailed comments that you wish to make on this consultation which can be emailed directly to standards@msc.org.
## Appendix A – Fishery Traceability proposals

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Frontloading traceability information in the fishery assessment process</strong></td>
<td>To build on current requirements in FCR v2.0, working in collaboration with the <a href="#">Simplification project</a>, this would encourage earlier consideration of traceability factors and identification of risk areas by the fishery client and CAB when the fishery enters full assessment. This information will be collected through template documents and will be published on the MSC Track a Fishery website.</td>
<td>The Supply Chain Standards (SCS) team fed into the development of the Simplification templates, for which pilots will run over the coming months. This will give MSC a better understanding of the opportunities and challenges for shifting how and when traceability is considered within the fishery. Feedback is being collected from pilot participants on the impacts of considering traceability earlier in the assessment process.</td>
</tr>
</tbody>
</table>

**Consultation questions:**
1. Do you support earlier collection and consideration of traceability information in the fishery assessment process?
2. What impacts would this have on the assessment process and addressing any traceability risks in the fishery?

| 2. **Improving guidance and consistency on where CoC should begin** | This is a two-part proposal:

- **a.** Design a start of CoC decision tree to improve clarity, consistency and transparency on when CoC is required. This should be done in conjunction with Proposal 1.
- **b.** Revision to FCR v2.0 clause 7.12.2.1b: Alignment with ASC farm requirements to require CoC as a default unless adequate traceability systems and processes are in place. MSC is also considering defining cases where CoC is always needed, including potential use of a risk-based approach. | MSC has updated the initial draft decision tree ([Appendix B](#)) for a risk-based approach to determining where CoC should begin. The initial draft tree received support during CAB workshops, and further feedback has now been incorporated. CAB workshop feedback suggested information considered under Principle 3 of the Fishery Standard could also help to address or mitigate traceability risks (this will be factored into this project’s proposal for additional FCR guidance). Further research is needed on potential impacts of Proposal 2(b). MSC has identified that training is an important component of this work, including workshops, calibration, online training modules and guidance documents. |

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*Consultation Document – Fishery Traceability* 6
3. **Traceability at sea**

There are three elements of this proposal that will improve consistency, rigour and transparency in fisheries that handle certified and non-certified product on the same trip:

MSC recently developed guidance for these particular cases to be used in the short term. The guidance provides best practice recommendations for tuna fisheries which require CoC at sea.

When CoC is applied at sea, the requirements and audit process would be better tailored to effectively apply to vessels and at sea activities. For example, information from electronic monitoring systems such as VMS and AIS could be used to remotely verify vessel activity; use of independent compliance observers could be required and verification of product originating from the UoC could occur at multiple stages of at sea activities where possible. Ideally data from different sources could be cross-checked to confirm veracity.

Where CoC at sea is required, information about the systems in place would be made public and possibly open to stakeholder comment. This would increase transparency on the systems in place to provide public visibility on how traceability risks are addressed and verified. MSC will be investigating how this comment period would be implemented. For example, to take into account that the CoC audit may not be aligned with the fishery assessment.

The first element is covered in the Tuna FAD Interpretation, and was released in January 2017. MSC is still in early stages of considering the approach to and beginning consultation on the second and third elements. However, initial feedback has indicated support for exploring these further. MSC is interested in feedback on how CoC could be better designed to apply at sea, and what information could be made public about CoC at sea to improve transparency and consistency.

Consultation questions:

3. Do you agree with MSC stipulating cases where CoC would always be required?
4. If you responded yes, when should CoC always be required? E.g. when certified and non-certified product is handled on board at the same time, for any on-land processing even when ownership has not changed, etc.?
5. How could the MSC improve the audit process for at-sea CoC activities? For example:
   - Methods to verify the segregation and identification of product on-board or cross-check data from different sources.
   - What are the practical issues for conducting an at-sea CoC audits?
   - What audit activities could be conducted remotely for at-sea CoC?
6. In fisheries requiring CoC at sea, do you support a summary of the audit to be published on the MSC website and open to stakeholder comment?
### 4a. Changes to GCR

**Proposal**

MSC has identified several areas where traceability and its associated reporting in the fishery report could be improved through GCR changes:

- **i.** Require a CoC trained auditor to review traceability section of fishery assessment. This practice is already being done by several CABs so such a change will formalise this process and make it mandatory.

- **ii.** Require at-sea CoC audits to be by same CAB as fishery certification. This would address potential information asymmetries and challenges at identifying risks and potential mitigating factors. Any such change will seek to identify potential issues, such as: availability of fisheries vs. CoC CABs and the costs associated with such a change.

- **iii.** Add contract requirements between CAB and client to cover accountability for mislabelling. This would provide a means for a fishery assessor to attach responsibility for mislabelling or substitution within a fishery client. A means to fix this is to add a clause on mislabelling to the contract requirements (GCR 4.8.7), similar to the provision of traceability records (4.8.7.3).

The proposed changes have gone through initial consultation with several MSC fishery and CoC certifiers. MSC welcomes your feedback on how you may be impacted by these changes.

### 4b. Verifying the Unit of Certification

**Proposal**

Add clause and guidance to Principle 1 of the CoC Standard to require first party buyer from a fishery to verify MSC eligibility of product (using UoC pages).

There are eight different ways (species, gear, catch area, vessel/vessel group, who sells it (auctions, agents, client group members), where CoC begins, eligibility date and product form) fish from a certified fishery can be rendered ineligible to be sold as MSC certified.

Although the CoC Standard has requirements for buying from a certified supplier, these requirements do not fit for companies buying from the fishery (e.g. certified status not visible on Supplier Directory; no MSC reference required on the invoice). Thus it is not always clear to the fishery what they need to provide (and in what format) or to the buyer and their CAB what needs to be checked. Many companies already have a process to verify UoC so this change will formalise this process, and provide guidance on how this should be done.

To support this objective, MSC are also looking at the possibility to make vessel lists available (e.g. by a link on the MSC website) so they can be referenced by the buyer to confirm the vessel is part of the UoC.

The proposed change has been scoped out through conversations with CABs, fishery clients, intermediary entities (e.g. auctions, agents), and CoC certificate holders. The next phase is to understand in greater detail how buyers currently verify this information, and in what format this is usually provided by the fishery and/or other entities that are involved in the transaction.

We will also explore whether it will be feasible for fisheries to provide or make accessible an up-to-date vessel list.
### 4c. Extent of client group membership and vertical integration

Clarify FCR wording around eligibility and process to join client group, as it relates to traceability and eligibility of certified product.

Review current practices and provide guidance for managing certificate sharing agreements with restricted eligibility on sale of certified product. This is to improve clarity on these arrangements and ensure restrictions on product eligibility are upheld and clearly communicated to buyers and other stakeholders.

Review impacts of new under-assessment product rules on client group members and determine whether further changes or guidance is needed.

Consider as part of Proposal 2 on determining the start of CoC for vertically integrated companies and client groups with on-land activities.

The proposed changes have gone through initial consultation with CABs and some fishery clients. MSC seeks feedback from fisheries with certificate sharing agreements and buyers from those fisheries to help develop guidance and tools for these types of setups.

### Consultation questions:

9. Do you agree with the proposed changes within Proposals 4a, 4b and 4c?

10. What documentation do you generally request or provide to verify the product you sell comes from the UoC?

11. Would you agree with exploring opportunities to implement a ‘pending eligibility’ claim or invoice requirements to identify certified product that has not yet passed through a client group member?
Appendix B – Draft decision tree

MSC proposes to introduce a decision tree to support CAB’s decision-making on where CoC should begin based on the traceability risks within the fishery and the fishery client group. The use of a decision tree was supported by attendees at CAB calibration workshops in Seattle and Washington DC. The CAB would be expected to answer each of the three questions, with the guidance providing direction on the types of risks to be considered, the type of information we would like to see in the fishery report, and justification for the outcome of where CoC must begin.

Step 1: Identify which stages are relevant for the fishery under assessment.
- Point of capture on board (brailing/hauling)
- Movement between holds/wells/nets on board
- Processing on board
- Transshipment at sea
- Transshipment at port

Step 2: What opportunities exist within this fishery to mix or substitute certified and non-certified fish? Consider...
- No, does the fishery:
  - Use non-certified gears/sets?
  - Fish outside of the UoC (catch area)?
  - Fish for non-certified species?
  - Use transhipment?
  - Conduct at-sea processing?
  - Vessels that are not from the UoC fish on the same stock/catch area?

Step 3: How are these risks mitigated to ensure there is no mixing or substitution? Consider...
- Division: Does the client group adhere to the following?
  - Land certified fish at separate locations from non-certified fish?
  - Handle both certified and non-certified fish at the same time or location?
  - Use legally independent and/or subcontracted entities to handle fish (e.g. transport, sorting)?
  - Have any restrictions on how product must be sold to be eligible to be sold as certified?
  - Wish to include processing activities in the fishery certificate?

Step 4: Determine CoC is needed at the first point where a risk is present and not sufficiently mitigated.
- CoC should begin on board the vessel when risks present at:
  - Point of capture on board (brailing/hauling)
  - Movement between holds/wells/nets on board
  - Processing on board
  - Transshipment at sea
  - Transshipment at port

- CoC should begin as soon as the fish hits the land when risks present at:
  - Landing at port, including offloaders
  - Sorting/grading/weighting, etc.
  - Cold storage and holding facilities
  - Processing/packing facilities
  - Auctions or markets
  - Traders/brokers/agents

- CoC should begin when the entity takes physical or legal possession (whichever comes first) when risks present at:
  - Transport
  - Traders, brokers, agents
  - Other intermediaries

- CoC should begin at the first change of ownership when risks present during:
  - Sales within and between client group members

Potential ways to mitigate risks of mixing/substitution:
- Are species segregated and identifiable?
- Are segregation systems in place to segregate and identify certified fish?
- Local, regional regulatory management systems/measures (Refer to P3)
- Digital traceability systems
- Independent verification
- Documented policy for responsibility when handling
- Other effective controls

Identify: At what point does ownership first change?

1. Are there risks of substitution or mixing at any step? (If you answered yes to any of the above questions)
   - No
   - No
   - CoC to begin at change of ownership

2. If risks present, are each of these risks effectively avoided, addressed or mitigated at each step?
   - Yes
   - Yes
   - CoC to begin at change of ownership

3. If risks present, are any of these risks effectively avoided, addressed or mitigated at each step?
   - No
   - Risk begins on land

4. If risks present, is the fish hit the land?
   - Yes
   - Risk begins on land

5. If risks present, is ownership transferred?
   - Yes
   - CoC to begin on board the vessel

6. If risks present, is the fish transferred?
   - Yes
   - CoC to begin as soon as the fish hits the land

7. If risks present, is ownership transferred?
   - Yes
   - CoC to begin when the entity takes physical or legal possession (whichever comes first)

8. If risks present, is ownership transferred?
   - Yes
   - CoC to begin at the first change of ownership when risks present during