



THE MARINE STEWARDSHIP COUNCIL Harnessing Market Forces for Positive Environmental Change

Introduction

The MSC operates a certification and ecolabel program based on a scientifically robust standard for assessing whether wild-capture fisheries are ecologically sustainable and well-managed. Fish products from fisheries that meet the MSC's standard are eligible to use the MSC's blue ecolabel or otherwise make a claim that they are MSC-certified.

The MSC's mission is to use this certification and ecolabel program to contribute to the health of the world's oceans by recognizing and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with our partners to transform the seafood market to a sustainable basis.

We work collaboratively with the fishing industry, seafood business sector, governments, scientific community, environmental groups and others to give retailers, restaurants and consumers an opportunity to choose and reward sustainable fishing through their seafood purchasing choices.

Creating Market Incentives to Improve the World's Fisheries

The MSC program is designed to create market incentives to reward sustainable fishing practices. When any buyer chooses to purchase MSC-certified fish, certified fisheries are rewarded for their sustainable practices through that market preference. MSC and its partners encourage processors, suppliers, retailers and consumers to give priority to purchasing seafood from MSC-certified fisheries and to demonstrate this through use of the MSC logo. Globally, buyers in major markets have made strong commitments to purchase sometimes up to 100% of their wild-capture fish products from MSC-certified fisheries, and these commitments are increasing.

These purchasing preferences increase the global demand and market access for certified sustainable seafood and provide the critical incentives needed for fisheries to undergo the rigorous and transparent assessments required in the MSC program. The same incentives also provide a significant influence on many fisheries that are operating below the MSC standard. If such fisheries want to enjoy these market rewards, they will need to reduce their environmental impact and improve their management practices to become eligible for certification. This "pull" for certification and the improved performance required in many cases in turn improves the stewardship of the world's oceans and enables many fisheries to better compete in a global marketplace that increasingly demands proof of sustainability.

The market incentives created by the existence and operation of the MSC program, and its uptake by major global buyers of seafood, are at the core of how the MSC promotes positive change in the world's fisheries.

MSC is not alone in seeking to improve the stewardship of the world's oceans – governments, industry associations and environmental groups are also working toward this goal, using an array of approaches. While our approach differs from that used by other organizations it is designed to complement them, and we believe that together we will contribute to significantly reducing the environmental impact of fishing.

Defining and Assessing Sustainability – The MSC Standard and Scoring System

Assessing a fishery's sustainability is complex. But the basic concept is simple – current catches should be at levels that ensure fish populations and the ecosystems on which they depend remain healthy and productive for today's and future generations' needs.

To assess sustainability involves looking beyond just the amount of fish caught and the stock's ability to regenerate. It also requires review of a multitude of factors, such as the dependence of other animals on those same fish, the impact of the unwanted catch of other species and the review of the fishing methods used and their impacts on habitat.

The MSC's Standard for Sustainable Fishing is comprised of 3 core principles that require:

- 1) healthy fish stocks;
- 2) that the fishery does not jeopardize the supporting ecosystem; and,
- 3) that management systems ensure the long-term future of all resources.

Based on this standard, the MSC assessment process reviews 31 specific questions about the fishery's performance and management to determine a fishery's sustainability. These "performance indicators" (PIs) are grouped under each of the MSC's three main principles described above.

Each of the 31 PIs is scored on a 1-100 scale, with the 60, 80 and 100 levels defining key sustainability benchmarks. These benchmarks correspond to levels of quality and certainty of fisheries management practices and their likelihood to deliver sustainability. These benchmarks were derived from the experience of fisheries managers, scientists and other stakeholders worldwide. The MSC's "scoring system", has been developed over the past decade with the help of many hundreds of international fisheries and environmental experts.

As scores increase from 60 to 100 there is greater certainty that the fishery is more resilient to fishing pressure and natural changes in the ecosystem and has a lower risk of falling below the minimum performance level required by the Standard.

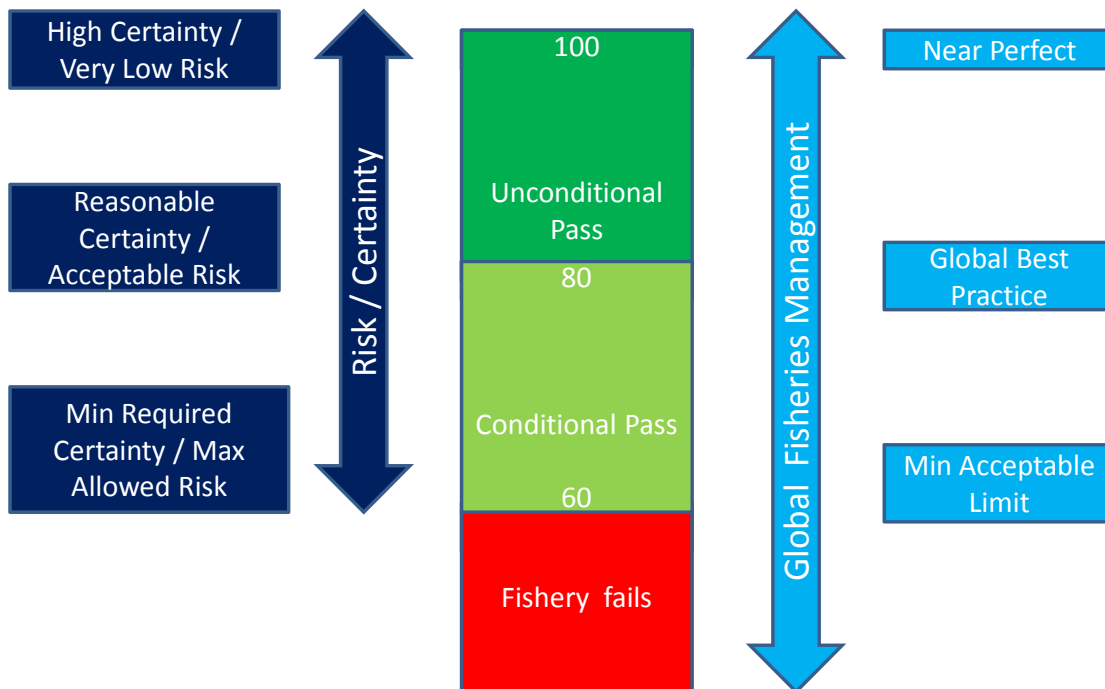
A score of 60 represents the '***minimum acceptable limit***' for sustainability practice that is established in the MSC's Fisheries Standard. This limit provides assurance that the

basic biological and ecological processes of all components impacted by the fishery are not compromised now or into the future (see graphic below).

A score of 80 conforms to the sustainability outcomes expected from fisheries management systems performing at **'global best practice'**^[1] levels and confers increased certainty about the fishery's continuing sustainability.

A score of 100 represents the performance expected from a **'near perfect'** fisheries management system; one that has high levels of certainty about a fishery's performance and a very low risk that current operations will result in detrimental impacts to the target stocks and supporting ecosystem.

MSC Sustainability Benchmarks and Scoring



^[1] This refers to those generally accepted fisheries management methods and processes that have proven themselves over time to deliver long-term sustainability outcomes. They have been derived from review of fisheries management practices globally.

A minimum score of 60 is required on each of the 31 PIs to qualify for MSC certification. However, the MSC program requires a higher level of assurance and performance than this minimum benchmark. To pass an MSC assessment a fishery must achieve an average score of 80 for each one of the 3 Principles, determined by the average of the PI scores under that Principle. Further, any PI that scores less than 80 must be improved to the 80 level over the course of the fisheries certification and usually within five years¹.

The MSC program very consciously allows fisheries to qualify for MSC certification without meeting the 80 level on all indicators. *MSC believes the movement of fisheries from the 60 to 80 levels is a positive outcome for the world's fisheries and directly in line with the MSC's vision.* This is one of the tenets of MSC's theory of change.

Similarly the MSC program does not require performance at the 100 level in order to become certified. The 100 level recognizes that higher performance is possible on any given indicator, but there are very few, if any, fisheries in the world that could achieve that level of performance across all PIs defined in the MSC Standard.

A fisheries certificate is valid for five years provided that annual audits establish that the fishery continues to meet the MSC standard and is making adequate progress on required PI improvements.

Assuring Credibility through Independent Assessment and Robust Process

MSC adheres to the most rigorous international standards applicable to certification programs, including the use of third-parties to assess fisheries against the Standard and decide whether to award certification. MSC itself does not perform the assessments. That work is done by professional certification companies who are held accountable and overseen by a separate accreditation organization. This approach is used in all major certification and audit programs, and parallels the use of independent certified public accountants to audit the financial statements of businesses and nonprofit organizations.

To ensure rigor and objectivity, the assessment process is highly transparent and is open to the scrutiny of all interested parties. Anyone with an interest in the fishery is notified of the assessment and invited to provide information and comment. The assessment is undertaken by a team of highly-qualified and independent scientists who are hired by the certifier. The selection of the team cannot be concluded until public comment is sought on the suitability of the proposed candidates.

The assessment results are described in a series of reports produced by the certifier and the scientific team. The report lists the scores assigned to each PI and the rationale for each score. Additionally, the entire assessment and the scoring are subject to peer review by at least two further qualified scientists to ensure that these rationales are justifiable. When the peer review comments are incorporated a revised report is made available for public comment. A final report incorporating all public

¹ There can be variances to this requirement in exceptional circumstances

comments and associated changes is then produced, which determines whether the fishery does or does not meet the MSC standard. This final report and determination can also be questioned through an appeal (called an "objection") by any party who participated in the assessment. Objections to the scoring justifications or the assessment process are processed, heard and judged by an independent Adjudicator, who is a lawyer with experience in fisheries cases.

Once certified, fisheries and other segments of the seafood supply chain are eligible to use the MSC ecolabel or otherwise claim that products from that fishery are from a well managed and sustainable (MSC-certified) fishery. Use of the MSC logo or the claim requires further independent verification and assurance of traceability. The MSC requires all companies processing certified fish to have in place traceability systems that ensure no product mixing or substitution can occur. Independent checks that confirm a product's unadulterated progress through the supply chain are undertaken as well as periodic genetic testing to verify a product's origin.

Improving the Performance of Fisheries Globally

A core tenet of economics is the powerful effect of incentives and how they shape behavior. This has proven true in the case of the MSC's market-based program and global fishing. Many of the fisheries initially undertaking assessment against the MSC Standard were well operated and had to make few changes to meet the Standard. These pioneers provided the foundation for MSC to become established and the market's recognition of these fisheries has provided the necessary incentives for other fisheries to follow.

Many fisheries achieving certification recently have made more substantial changes to improve their environmental performance prior to entering the assessment process to attain the MSC standard.

This is where the MSC will deliver its greatest contributions to environmental sustainability and this is becoming clearer as the program matures. There are many current cases throughout the world where fisheries are engaging with governments and non-governmental organizations to take the actions needed to improve their performance. In many of these cases, they are using the MSC standard as the benchmark against which to measure themselves and are creating "fishery improvement plans" and partnerships to address performance issues identified.

The improvements the MSC program incentivizes will help safeguard healthy fish populations for future generations, supported by healthy habitats and robust ocean ecosystems and that fisheries management systems are effective in ensuring that these benefits can be sustained for the long-term. These transformations are the promise of the MSC, and an unprecedented example of markets transforming fishing practices for a sustainable future.