

MARINE STEWARDSHIP COUNCIL - TECHNICAL ADVISORY BOARD

TAB DIRECTIVE SERIES

| TAB Directive Number | Title | Date of Issue |
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| TAB D-018 v1.1 | Direction for Assessing Subcontractors | 1 May 2010 |
| Decision Date: 10 June 2008 Effective Date: 21 August 2008 | | |

Documents Supplemented or Modified by this Directive

| MSC Scheme Document | Status Change |
|----------------------|---------------|
| TAB Directive 018 v1 | Superseded |

Background

Section 1.3 of the MSC Chain of Custody (COC) Standard V2, states:
The organisation shall be responsible for any work conducted by its subcontractors and shall retain full control over work performed by them and be able to demonstrate that traceability has been maintained and the requirements of this standard are met.

Guidance regarding sub-contractors was issued at the CB workshop in London in June 2007. This directive builds on that guidance and shall be the principal reference for decisions regarding the assessment of sub-contractors.

Definitions

For the purposes of this directive the following definitions shall apply:

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| Subcontracting | The process of contracting out to third parties. The concept of contracting implies that there is a legal agreement between the parties. |
| Subcontractors | An organisation that is contracted to carry out work for a third party (includes contract processors, transportation companies, distribution companies and any other storage or processing facilities). |
| Contract processors | An organisation that is contracted to a third party (including a subsidiary or affiliate of the certified organisation) wherein the product is transformed in some way. Specifically: <ul style="list-style-type: none">• the processor does not own the product;• the processor processes the product on instruction from another company, usually the owner of the product;• packaging may be supplied to the contract processor or the contract processor may commission the printing of the packaging themselves. <p>This does not apply to contract processors that take ownership of the product – they are required to have their own chain of custody.</p> |

Intent

The intent of this directive is to ensure that the integrity of any MSC chain of custody is not compromised by the use of subcontractors.

Direction

General requirements

1. As part of certification documentation¹, the CB shall maintain a schedule listing all production sites and subcontractors for each certified organisation (the “COC client”).
2. COC clients shall apply to their CB to add a production site or subcontractor to their schedule prior to use of the site or subcontractor.
3. In order to add a subcontractor or site to their schedule, the COC client shall submit to their CB details of how they will retain full control (e.g. copies of contracts, audit schedules, mass balance checks, etc) for each subcontractor or site.
4. The CB shall review this information and conduct a risk assessment against the criteria in the Chain of Custody Methodology Appendix E to determine whether an on-site visit is required. Only low risk sites and/or subcontractors may be excluded from a need for an on-site visit. If an on-site visit is necessary, the CB shall complete the on-site visit and approve the subcontractor before approving the addition of the site to the approved list.
5. An on-site visit is always required where product is processed or transformed.
6. If a company has its own COC certification and does contract processing for a customer, the contract processing activity shall be covered by the company’s own certificate – i.e. in such cases the activities of one company shall only be covered by one certificate.
7. Regardless of the COC number being used on packaging by a company under assessment for COC, auditors are required to check all MSC products being used by that company, and any activities involving MSC fish, claims or packaging being undertaken.
8. The certified organisation shall have a signed contract with all subcontractors that requires the subcontractor to:
 - 8.1. Comply with all relevant requirements of the MSC COC programme;
 - 8.2. Allow the certification and accreditation bodies access to the site and to all relevant documentation;
 - 8.3. Acknowledge that they will comply with all reasonable requests for information from the certified organisation and certification and accreditation bodies.
9. If a subcontractor listed on the schedule of a COC client is not independently certified for MSC COC and fails to comply with the MSC COC requirements, the COC client shall be reviewed and have a non-conformance raised or have its certificate suspended or withdrawn.
10. COC clients shall record the use of transportation companies including their name and address, the nature and conditions of the contract and all separate delivery orders, but it is not required that these are listed on the separate schedule the CB maintains for each client.

Contract processing

11. It is possible for a company that only does contract processing to be certified.
12. The MSC strongly encourages contract processors to have their own COC certification, however it is accepted that the contract processing activity of a company can be included in the scope of a certificate of a customer of a contract processor.
13. A company that both processes its own goods and contract processes goods for others must have contract processing included in its scope.
14. If the COC client (company that owns the product) is using a contract processor for MSC fish, the contract processor must be visited. They can be included in the scope of the COC client, or be certified independently, but they must have an on-site audit as part of the certification covering these activities.
15. COC clients using non-certified contract processors must be able to provide a mass balance for each contract processor.
16. COC clients that are certified for contract processing must also keep track of mass balance in all instances. They will therefore be able to show records of all MSC fish handled, and of all other fish.
17. In the event of using a contract processor, records shall be available for the auditor to cross check – one set from the contract processor, and the other from the COC client.
18. COC clients must also be able to provide details of all packaging they have produced, received and/or sent to contract processors, and must be able to conduct a reconciliation for the auditor

¹ ISO Guide 65 12.3

to demonstrate that the total packaging produced and used is consistent with the amount of MSC fish purchased and sold.

Transportation

19. Provisions in clauses 1 - 18 do not apply to transportation companies.
20. The consignor shall take all necessary steps to ensure that certified product cannot be substituted during transportation and that its identity is preserved.
21. The consignee shall perform a check to verify that product is clearly identified upon receipt as per MSC COC Standard V2 2.1.
22. Product should not knowingly be transported on vessels listed on RFMO blacklists.
23. Where practicable product shall be transported in sealed containers.

ENDS