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foreword

You may be surprised that the foreword to this year's MSC Annual Report is written by an artist.

I first encountered the MSC when I was asked to create a painting for the 'Sea into the Future' Gala Auction. Like many artists I readily accepted.

My work has, for several years, been concerned with environmental issues. For all of society's opposition to the natural world we, and all our works, are nature, and our responsibility to protect the environment is (like it or not) intrinsically linked to our self-preservation. Nowhere is this responsibility more urgent than in our seas.

livelihoods

Asked to design the cover for this Annual Report I chose to depict a wild salmon, as they signify in so many ways the developing environmental crisis. In Alaska the wild salmon also signifies hope with its MSC stamp of approval.

As an artist I have, over the years, been involved in various environmental initiatives, yet none with such a ready potential to create positive change as the MSC. We can all help by choosing to buy only MSC certified produce, thus pressuring the major outlets into changing towards more sustainable practices.

Where I live on the south coast of England local fishermen, like many others worldwide, are in the process of trying to win the MSC label for their produce. Like them I would like to heartily recommend this wonderful organisation and help to publicise its work towards creating a truly sustainable economy of the seas.



Alan Rankle's specially designed work for the Sea into the Future Gala 'Jack of Spades'.



Alan Rankle > Front Cover
'Wild Salmon: Return to Source'
Acrylic & Watercolour 2004®

The front cover of this annual report was specially commissioned and has been generously donated to the MSC by renowned artist Alan Rankle. There are just 250 of these spectacular hand made prints available for £250 plus £5 p&p.

Each print has been carefully produced on German rag paper and measures 522mm x 350mm plus 50mm border. All proceeds from the sale of the prints will go to the MSC charity.*

Please visit www.msc.org or call +44 (0)20 7350 4000 to order your limited edition print today!

*Proceeds from the sale of these prints will go to Marine Stewardship Council International which covenants all of its taxable profits to Marine Stewardship Council Registered Charity Number 1066806.



alan rankle



chairman's statement

The Rt Hon.
John Gummer MP

One of the privileges of chairing the MSC is seeing at first hand how the organisation is changing the way we think about the world's greatest renewable food source. Whether that is watching fishermen adapting their practices for long-term sustainability, food manufacturers running MSC production lines or supermarkets promoting the MSC brand to consumers, the change is increasingly visible. Global overfishing is now a mainstream and depressingly regular news headline. Our role is to offer positive solutions and change the bad news into good. Gradually, we are winning.

Among the most significant moments last year were the certifications of two new fisheries, Mexican Baja California red rock lobster, a small, artisanal fishery and South African hake, a larger commercial operation which I had visited previously during the Johannesburg Earth Summit. These two success stories remind us of the reason for the MSC's existence. It is not here simply to provide fish for the rich developed countries who have so much to answer for in having denuded this precious resource. It is above all here to ensure that the developing world does not lose its primary source of protein and the millions of livelihoods dependent on fishing.

This moral need to save the world's fish for the future drew a large and powerful audience to the MSC's Sea into the Future Gala held, appropriately, at Old Billingsgate Fish Market in London earlier this year. 500 guests drawn from the highest levels in the fields of politics, media, the arts and the conservation sector came to lend their support. HRH The Prince of Wales was the guest of honour and gave a powerful speech about the global importance of the MSC's work. In so doing, His Royal Highness spoke for the thousands of people who are helping the MSC change the world and reverse an environmental catastrophe. On behalf of the MSC Board, I thank them for their support.



incoming chief executive's statement

Rupert Howes

I am delighted to have been appointed as the MSC's new CEO. It is a tremendously exciting time for the organisation as more and more fisheries come forward for assessment and market penetration and demand for certified product increases. I am very much looking forward to working with the MSC team to build on this success. Priorities for the coming year will include getting more certified product to market, building awareness and recognition of the MSC brand and its value and as outlined on page 28 implementing a number of recommendations and actions aimed at improving the overall credibility of the MSC Standard. Securing and diversifying the funding base and ensuring the financial sustainability

of the organisation itself will also be a priority.

Certification offers a real lifeline and potential to deliver genuine improvements in marine conservation and critically, a mechanism to protect and secure the livelihoods of those involved in the industry. In effect a mechanism to promote and operationalise a model of sustainable production and consumption in the last global industry harvesting a wild resource for food. I am looking forward to meeting and to working with all of the MSC's key stakeholders in industry, government and the non-governmental organisation community to help to deliver this vision.

Rupert joins the MSC from the highly respected sustainable development charity Forum for the Future, which was co-founded in 1996 by Jonathon Porritt, currently Chair of the UK Government's Sustainable Development Commission. Rupert is a qualified Chartered Accountant and spent six years at KPMG. He has a BA in Economics and an MSc in Environmental Technology. He took up his position at the MSC on 11th October 2004 and can be contacted at Rupert.Howes@msc.org

This will be my last message in the Annual Report as MSC Chief Executive. It has been a wonderful six years and although no organisation like the MSC will ever be immune from challenges, I think many would agree that we have made great progress, not least in the past year.

Recent highlights include the recommendation by the UK Prime Minister's Strategy Unit that all major UK fisheries should pursue MSC certification by 2015. This is of course an aspirational target, but a major signal of intent by government and a sign of how seriously fisheries certification is now viewed as a tool. Also in the UK, we have received further vital support from HRH The Prince of Wales, who visited an MSC approved fishery, saw an MSC production line at a seafood factory and spoke so passionately about our cause at the MSC's Sea into the Future Gala.

Worldwide, our product lines have increased significantly, and by the end of the financial year over 40 fisheries were going through MSC assessment. The MSC co-operated actively with two large reviews of the organisation, commissioned by marine conservation foundations - these evaluations have prompted a planned programme of refinements and improvements to the MSC system which will form a major part of the organisation's work in the months and years ahead.

More detail on the progress made during this remarkable year is included in the pages that follow. My final task is to thank all those of you who have supported the MSC over the last few years and most of all my staff for the quite extraordinary things they have achieved, often under sustained pressure. I will always support the MSC in whatever way I can and I hope you will too.



outgoing chief executive's statement

Brendan May

success

review

the msc: a unique green business partnership

The world's most urgent environmental issue?

It was once thought that the sea was an inexhaustible source of food. Today, read through any recent newspaper and you will find that the depletion of global fish stocks is taking over the headlines. Scientists' estimates of the state of the world's seafood resources tell us that more than 60% of the world's fish are badly managed, over-exploited, severely depleted, or in fragile recovery. The need to save the world's fish stocks is perhaps the planet's most immediate environmental challenge. Failing to act would have three catastrophic outcomes; first, irreparable degradation of marine eco-systems, second, the obliteration of the major source of protein for well over a billion people in the developing world, third, the loss of the 200 million jobs that are sustained by fishing and the seafood processing industry. Whether in Europe, Africa, Asia, Oceania or America, the supply of healthy wild seafood is plummeting as demand rockets. It is an unsustainable trend but the good news is that this environmental catastrophe can still be averted.

An award-winning solution to the global problem – the MSC

Rising concerns about overfishing led, in the 1990s, to the creation of the MSC, an international charity dedicated exclusively to saving the world's fish stocks. The MSC concept is very simple. Fisheries around the world apply to be independently assessed against rigorous MSC environmental criteria. If they pass, products from certified fisheries win the right to use the MSC eco-label, which has the potential to become an established brand in years to come, easily recognised and widely available to an increasingly environmentally aware world.

MSC > 3 Main Principles

1 > The sustainability of the fish stock (population)

2 > Eco-system impact of the fishery

3 > Effective management of the fishery



participation



rewarding best practice

In the past year three new fisheries have been certified to the MSC Standard: the South African hake fishery, the South Georgia Patagonian toothfish fishery, and the Mexican Baja California red rock lobster fishery, bringing the total number of fisheries currently certified to ten.

Highlights

> The South African hake fishery was awarded certification in April 2004. This trawl fishery is controlled largely by means of company allocated quotas within a conservative Total Allowable Catch (TAC), limitation on the number of vessels and certain closed areas. South African hake products bearing the MSC eco-label are now on sale at outlets around the world.

> The South Georgia Patagonian toothfish fishery was awarded certification in March 2004. An objections panel was established in April 2003 to review an objection lodged against the initial Determination. This panel recommended that the fishery should be certified to the MSC Standard but with a number of specified improvements required that must be made over time in order to maintain certification.

> In September 2003 HRH The Prince of Wales presented an MSC certificate to the Loch Torridon nephrops fishery in Scotland, UK. The Royal visit included a discussion panel on 'Inshore Creel Fisheries in Scotland'.



certification

case study

Mexican Baja California red rock lobster fishery

The first developing world fishery was certified in spring 2004. Mexican Baja California red rock lobster is a species of spiny lobster. It is fished commercially in the Pacific Ocean from the border with the USA, south of Margarita Island. The main portion of the stock is in the central Baja California region, between Cedros Island and Punta Abreojos. The lobsters are caught in rectangular traps with panels which allow undersized lobsters to escape. During transport to shore the lobsters are kept alive in floating wooden containers.

The fishery is managed using a community-based system that involves cooperative management between the fishers and government. Cooperatives are granted exclusive fishing rights for lobster within a specified zone. Within these zones, the cooperatives rigorously control fishing effort and identify poachers. Each cooperative employs a technician or biologist to assist with data collection and to act as the liaison between the different cooperatives and government agencies.

The client for assessment was FEDECOOP (Baja California Regional Federation of the Fishing Cooperative Societies) in partnership with WWF and Comunidad y Biodiversidad (CoBi).

Currently, the main market for red rock lobster is Asia, but FEDECOOP hopes that MSC certification will reward the lobster industry by increasing access to new markets.

“The MSC certification has a meaning for us, it tells us we are doing something good, securing our future. I hope that all the other species we capture will have certification as well.”

Alfredo Burgoin, 35, lobster fishermen from “Buzos y Pescadores de la Baja California”, the lobster fishing cooperative at Natividad Island, Baja California Sur, Mexico

lobster

out and about

Asia Pacific

Over the past year there has been an increase in the number of fisheries seeking MSC assessment within the Asia Pacific region. There has been particular focus within the Asian market, the largest seafood producing and consuming region in the world. MSC staff have attended meetings and spoken at conferences and workshops in Hong Kong, Indonesia, Japan, Korea, Malaysia, Thailand and Vietnam to gain an increased understanding of the complexities, expectations and opportunities within this region.

Americas

A three-year fishery outreach project, funded by America's first national ‘Certified Organic’ grocer, Whole Foods Market, was launched in 2003. As a result of the Whole Foods Market Americas Fisheries Initiative, a Regional Fisheries Manager has been engaged to identify and increase the number of certified fisheries within the Americas region. Encouragingly, more fisheries have entered the MSC full assessment process including Alaska halibut and sablefish, BC halibut, California Chinook salmon and Oregon Dungeness crab.

Developing World Fisheries Programme

The MSC has continued to expand its outreach in the developing world. A number of meetings have been held to promote the engagement of fisheries in the MSC's certification programme with key developing world stakeholders. Partnership activities have also been developed across Africa, Southern Asia, South-East Asia and South and Central America.

The MSC works hard to build partnerships and encourage fisheries throughout the world to participate in the MSC's fisheries certification programme. The MSC continues to expand its outlook on a global scale.

Let's talk tuna

A three-year tuna project, funded by UK supermarket chain Sainsbury's, was set up in 2003 to investigate the management of tuna fisheries worldwide. It is hoped that in the future consumers will be able to choose tuna from sustainable sources endorsed by the MSC.

The MSC's International Tuna Specialist has conducted outreach activities in the West-Central and Eastern Pacific, Eastern Atlantic and Western Indian Oceans to identify fisheries which could become candidates for MSC certification.

In April 2004 the American Albacore Fishing Association (AAFA) announced that it had entered the MSC pre-assessment stage. The AAFA is a non-profit corporation formed to represent American ‘troll’ and ‘pole and line’ commercial fishing vessels engaged in the harvest of albacore tuna. It represents 17 vessels which account for more than 20% of the total albacore catch from the USA West Coast Fishery. The albacore troll fishery harvests albacore using barbless hooks and the fish are landed one at a time by hand.

“I am behind the MSC because the fishery needs people to look after it, and because I intend to be in fishing for the rest of my life.”
Derek Mole, fisherman, Thames Herring Fishery UK



improving the implementation of the msc standard

Participation

> The MSC Technical Advisory Board (TAB) met twice during the year in Sydney, Australia and Seattle, USA. The TAB finalised the revised Fisheries Certification Methodology and produced a new series of interpretative directives for certification bodies covering enhanced fisheries, depleted and / or recovering fisheries, controversial fisheries and the unit of certification.

> A sub-group of the MSC's Technical Advisory Board (TAB) was set up to further develop future guidelines for the assessment of small-scale and / or data-deficient fisheries. Testing of qualitative assessment and rapid appraisal methods will be investigated which may be incorporated into future guidance documents for certification bodies.

> The role of the MSC Stakeholder Council (StC) has been to focus on accreditation, fisheries undergoing assessment, standard-setting and ways in which the group can better contribute to the work of the MSC. The MSC continues to contribute to the work of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL).

>The MSC's International Policy Director, Chris Grieve, was elected Vice-Chair of the ISEAL Alliance when the organisation established its Board of Trustees in June 2003.

> The MSC participated in an expert consultation organised by the Food and Agriculture Organisation of the United Nations (FAO) to develop international guidelines for the eco-labelling of fish and fishery products from marine capture.

"I very much welcome the work that the MSC is undertaking to help improve management of the world's seafood resources, particularly the MSC eco-labelling award scheme."

The Rt Hon. Margaret Beckett MP, Secretary of State for Environment, Food and Rural Affairs, UK

engagement

Accreditation

The MSC is an accreditation body. This means that it conducts audits of accredited certification bodies and ensures appropriate use and interpretation of the MSC's Standards.

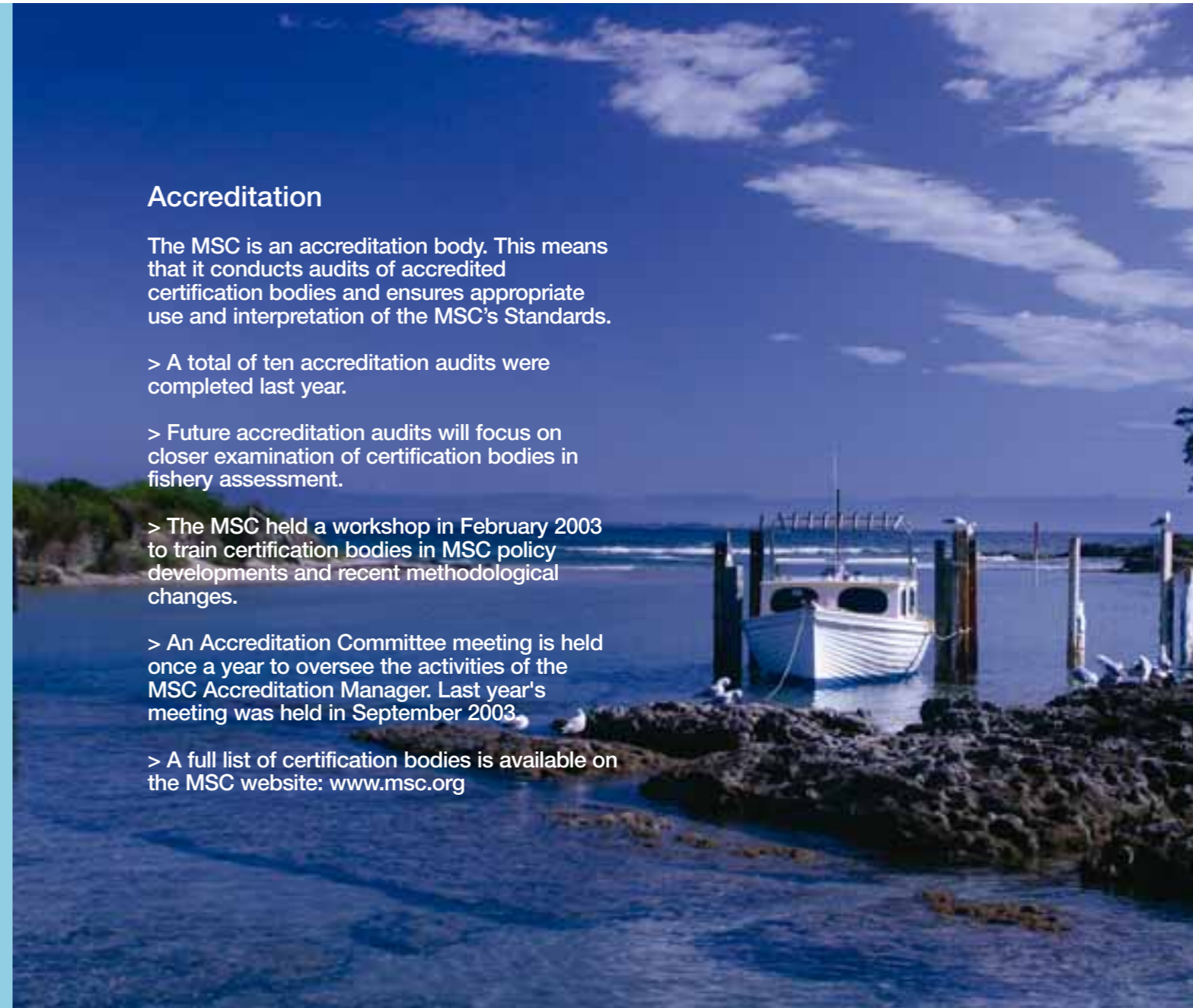
> A total of ten accreditation audits were completed last year.

> Future accreditation audits will focus on closer examination of certification bodies in fishery assessment.

> The MSC held a workshop in February 2003 to train certification bodies in MSC policy developments and recent methodological changes.

> An Accreditation Committee meeting is held once a year to oversee the activities of the MSC Accreditation Manager. Last year's meeting was held in September 2003.

> A full list of certification bodies is available on the MSC website: www.msc.org



'The MSC's little blue logo is gradually becoming the fishing world's equivalent of the Soil Association mark. It's a sign of sustainability signifying that the accredited fishery has, in contrast to many others, a future.'
Daily Telegraph, March 2004

The MSC can achieve what politics cannot by providing real commercial incentives for improvements in fisheries management. As of April 2004 there were 195 products carrying the MSC eco-label in 17 countries. New products are appearing every week, empowering consumers to make the best environmental choice in seafood. Supermarkets and seafood companies throughout the world are increasingly sourcing MSC approved seafood.



Firsts

- > US seafood brand, Vital Choice Seafoods launched the first MSC-labelled Alaska salmon fish oil capsule product.
- > Duchy Originals, created by HRH The Prince of Wales, launched an MSC-labelled Cornish handline mackerel pâté as the first product in a new Duchy Selections range. Duchy launched a second MSC labelled pâté using Thames herring at the Sea into the Future Gala.
- > L'Assiette Bleue, a family owned business based in France, launched its first hoki product to carry the MSC eco-label.
- > Dutch processor Heiploeg Shellfish introduced Burry Inlet cockles, certified to the MSC Standard, to Tesco.

- > Swiss retailer Migros launched the first hake product to carry the MSC eco-label.
- > Asda, part of the Walmart group, launched its first own-labelled hoki product carrying the MSC eco-label.
- > Youkon Wilder Lachs launched its first smoked salmon product to carry the MSC eco-label in Austria and Germany.
- > Alaska salmon became the first species to provide 100 products with the MSC eco-label.
- > Seaways, a Kailis & France Foods brand, introduced the first MSC-labelled products into Singapore.

a global brand



Findus

International frozen food business Findus became the first processor to launch certified products to the Swedish market in August 2003. The three hoki products have secured excellent sales.



Whole Foods Market

Leading natural and organic USA food retailer, Whole Foods Market, has expanded its selection of MSC-labelled products. Whole Foods Market continues to highlight the MSC through its annual 'Fish for Our Future' promotion, which takes place in more than 140 stores nationwide. The retailer has also sponsored a three-year fishery outreach position.

"Whole Foods Market is committed to keeping fish plentiful for future generations while, at the same time, supporting a healthy marine environment. Our partnership with the Marine Stewardship Council allows us to actively demonstrate our commitment to improving the health of the world's fisheries."

Margaret Wittenberg, Vice-President of Governmental and Public Affairs for Whole Foods Market.



Waitrose Waitrose

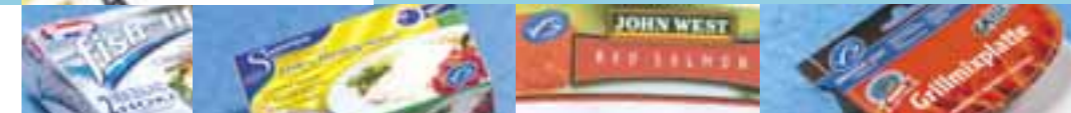
Leading UK retailer Waitrose has developed its first own brand MSC product in preparation for a summer launch: a wild Alaska smoked salmon product. Waitrose held training sessions on the MSC for all fish-counter staff ahead of launching product in-store, demonstrating their strong commitment to the programme.

Waitrose also stock MSC line-caught mackerel which are caught off the Cornish coast using traditional hook and line methods and supplied to Waitrose by a thirteenth generation fishing family. Waitrose will be stocking Western Australian rock lobster certified to the MSC Standard.

In November 2003 the European Union cut the tariff imposed on Western Australian frozen rock lobster from 12.5 per cent to 5 per cent. In February 2004 the EU agreed to extend the reduced tariff until the end of 2006. The Western Australian rock lobster fishery was the first in the world to achieve the MSC Standard for well-managed and sustainable fisheries.

"We want to go out to the world and say, 'If you buy our lobster today you can buy it next year, for the next ten years, for the next 20 years, the next 100 years'."

Peter Fraser, General Manager, Lobster Australia



foodservice

good food



Progress

Encouraging the use of the MSC eco-label within the foodservice sector has been a key priority over the last year. A review of the MSC's traceability programme, the chain of custody standard, is currently underway to make the programme more accessible to all sectors throughout the industry across the world. Pilot studies are due to be conducted over autumn / winter with representatives from each foodservice sector.



Coldwater
HRH The Prince of Wales visited Coldwater Seafood, Grimsby in January 2004 to participate in a round table discussion about sustainable fishing and the MSC. HRH met representatives from McDonald's UK, Marks & Spencer retail chain, Spirit Group, the UK's largest independently managed pub operator and Brakes. After a factory tour, where he observed a production line preparing MSC approved seafood for some of the UK's largest retailers, HRH made a short speech emphasising the importance of the MSC programme.



Quick Restaurants
Belgium's most popular burger chain Quick Restaurants, launched its 'King Fish' burger prepared with New Zealand hoki in April 2004. Established in Belgium in 1971 there are now 430 Quick restaurants in France, Belgium and Luxembourg and French overseas dominions and territories. Quick has added the MSC eco-label to the King Fish burger as a key part of their quality programme.



Xanterra Parks & Resorts
Xanterra Parks & Resorts was the first American foodservice company to use the MSC eco-label on its restaurant menus, highlighting wild Alaska salmon options throughout nine National Parks, including Yellowstone, the Grand Canyon and Death Valley. Education materials on the MSC and seafood choices are also offered to park visitors.

BRAKES

Brakes *Foodservice solutions*
The Brakes Group including one of its specialty businesses, M&J Seafood, is the leading supplier to caterers in the UK and France with an annual turnover in excess of £1.4 billion. In a bid to offer customers the best environmental choice when making seafood purchasing decisions, Brakes and M&J Seafood listed four products carrying the MSC eco-label last year and are planning to source more in the future.

