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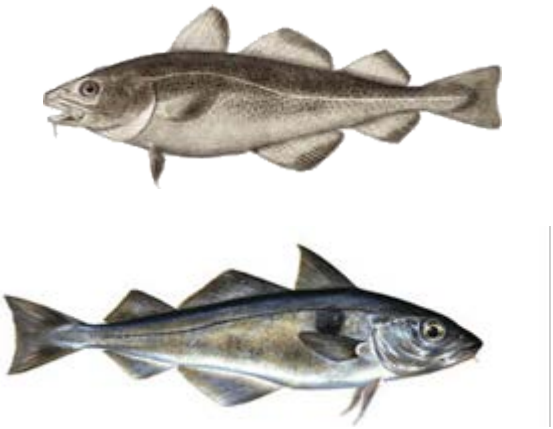
MSC SUSTAINABLE FISHERIES CERTIFICATION

Off-Site Surveillance Visit - Report for Barents Sea cod and Barents Sea haddock Fishery



3rd Annual Surveillance

November 2013

Prepared For: **Ocean Trawlers Group/Three Towns Capital**

Prepared By: **Food Certification International Ltd**

CERTIFIED SUSTAINABLE SEAFOOD MSC www.msc.org

Assessment Data Sheet

Certified Fishery	Barents Sea cod and Barents Sea haddock Fishery
Fishery Management Agency	Joint Norwegian and Russian Fishery Commission (JNRFC)
Species	Cod (*Gadus morhua*) and Haddock (*Melanogrammus aeglefinus*)
Fishing Method	Demersal Otter Trawl
Certificate Code	Cod F-FCI-0008 and Haddock F-FCI-0009
Certification Date	24.11.10
Certification Expiration Date	23.11.15

Certification Body	**FOOD CERTIFICATION INTERNATIONAL Ltd** Findhorn House, Dochfour Business Centre Dochgarroch, Inverness, IV3 8GY, Scotland, UK **Tel:** +44(0)1463 223 039 **MSC Fisheries Department** **Email:** fisheries@foodcertint.com **Web:** www.foodcertint.com
Surveillance Stage:	3rd Annual Surveillance
Surveillance Date:	06.11.2013

Contents

1. Introduction

The purpose of the annual Surveillance Report is fourfold:

1. to establish and report on whether or not there have been any material changes to the circumstances and practices affecting the original complying assessment of the fishery;
2. to monitor the progress made to improve those practices that have been scored as below "good practice" (a score of 80 or above) but above "minimum acceptable practice" (a score of 60 or above) – as captured in any "conditions" raised and described in the Public Report and in the corresponding Action Plan drawn up by the client;
3. to monitor any actions taken in response to any (non-binding) "recommendations" made in the Public Report;
4. to re-score any Performance Indicators (PIs) where practice or circumstances have materially changed during the intervening year, focusing on those PIs that form the basis of any "conditions" raised.

Please note: The primary focus of this surveillance audit is assess changes made in the previous year. For a complete picture, this report should be read in conjunction with the Public Certification Report for this fishery assessment.

2. General Information

2.1 Certificate Holder details

Certificate holder: Ocean Trawlers Group/Three Towns Capital

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2.2 General Background about the fishery

2.2.1 Area Under Evaluation

Geographically, fishing takes place within Russian, Norwegian, and International waters (ICES Sub - area I and II, beyond 12nm).

2.2.2 Fishery Ownership & Organisational Structure

The client for this certification is the Ocean Trawlers Group / Three Towns Capital ("The Group"). The Group was established in 1997 and are in the business of procuring, trading, reprocessing and selling of frozen seafood, with cod and haddock as the core species, and other pelagic species as secondary. The Group is vertically integrated along the operations value chain, from procurement to processing and retail across Europe and USA. Further information on the Ocean Trawlers Group is available through link provided (http://www.oceantrawlers.com).

With regards to BSCH fishing fleet, the main collection of suppliers with contract links to The Group, includes Murmansk Trawl Fleet (JSC Murmansk Trawl Fleet-1 and Murmansk Trawl Fleet-4 Ltd. were excluded from the 1st of March 2013), JSC Karat-1, JSC Fishing Company Sogra, JSC Rybprominvest, JSC Alternativa Ltd. and Murmansk Region Fleet. Further details of these companies and fishing fleet can be provided through contacting the client.

The following changes were made in the list of vessels approved to supply MSC fish from this fishery:

- M-0066 Ivan Tornev and M-0064 Nikolay Repnikov included from the 10th of January 2012
- M-0066 Ivan Tornev removed from the 1st of February 2013 (sold)
- M-0058 Novator and M-0059 Petr Petrov removed from the 1st of February 2013 (sold)
- MK-0357 Vitus Bering included from the 1st of February 2013
- MK-0356 Rybak included from the 1st of February 2013
- M-0269 Strelets and M-0254 Korund removed from the 2st of March 2013 (no supply agreements with the owners)
- M-0104 Kapitan Shaytanov removed from the 10th of June 2013 (sold)
- MK-0361 Vasiliy Golovnin included from the 10th of June 2013
- MK-0360 Sapphire-II included from the 10th of June 2013

Fishing takes place all year using demersal otter trawl of cod-end mesh size 130mm. Stocks are managed bilaterally by Norway and Russia through the Joint Norwegian-Russian Fishery Commission which regulates fishing, determining management measures and setting quotas.

Within the Russian EEZ, management is undertaken by the Federal Agency for Fisheries who also provide control and surveillance through territorial fishery offices such as the Murmansk office. Within the Norwegian EEZ, management is undertaken by the Norwegian Fisheries Directorate facilitated by control and enforcement by the Norwegian Coastguard. Management is informed by ICES advice, supported nationally by the Institute of Marine Research (Norway) and PINRO (Russia). Additional management initiatives were implemented in January 2010 when the client Group adopted a group-wide policy on sustainable fisheries. Details of these commitments are available through link provided (http://www.oceantrawlers.com/news/Sustainability%20policy.pdf).

2.2.3 History of the Fishery

The Barents Sea groundfish fishery has a long and important heritage. Historically, landings of cod and haddock from the Barents Sea have fluctuated, mainly reflecting stock status. For cod, landings of 900,000t were experienced in the 1970s, but landings dropped considerably as stock status declined (landings fell to 212,000t in 1990), before recovering steadily since then. Landings of haddock have seen perhaps a smaller degree of fluctuation in recent decades when compared with cod, although there have been periods of very low landings, corresponding to poor stock status, notably in the 1980s (landings falling as low as 20,000t in 1984), prior to the more recent recovery. TAC has increased steadily since the turn of the century, with a TAC for cod at 993,000 tonnes and for haddock of 178,500 tonnes set for 2014.

3. Assessment Process

3.1 Scope & History of the Assessment

Fig 1 - Allocation of weighted scores at Sub-criteria, Criteria and Principle levels

Principle 1 – Stock Status / Harvest Control Rules			Cod	Haddock
1.1.1	Outcome (status)	Stock status	100	100
1.1.2		Reference Points	80	80
1.1.3		Stock Rebuilding	N/A	N/A
1.2.1	Management	Harvest Strategy	75	80
1.2.2		Harvest control rules & tools	80	80
1.2.3		Information & monitoring	70	70
1.2.4		Assessment of stock status	90	85

Principle 2 – Wider Ecosystem Impacts			
2.1.1	Retained Species	Outcome (status)	75
2.1.2		Management	75
2.1.3		Information	90
2.2.1	By-catch	Outcome (status)	80
2.2.2		Management	85
2.2.3		Information	80
2.3.1	ETP Species	Outcome (status)	80
2.3.2		Management	80
2.3.3		Information	80
2.4.1	Habitats	Outcome (status)	60
2.4.2		Management	75
2.4.3		Information	80
2.5.1	Ecosystem	Outcome (status)	90
2.5.2		Management	80
2.5.3		Information	95

Principle 3 – Management / Governance			
3.1.1	Governance & Policy	Legal & customary framework	95
3.1.2		Consultation, roles & responsibilities	75
3.1.3		Long term objectives	75
3.1.4		Incentives for sustainable fishing	80
3.2.1	Fishery-specific Management System	Fishery specific objectives	90
3.2.2		Decision making processes	80
3.2.3		Compliance & enforcement	80
3.2.4		Research plan	90
3.2.5		Management performance evaluation	80

Sourced from original assessment

As a result of the assessment, six conditions of certification were raised by the assessment team, and maintenance of the MSC certificate is contingent on the Barents Sea cod and Barents Sea haddock Fishery fishery moving to comply with these conditions within the time-scales set at the time the certificate was issued. In addition, four recommendations were made which, whilst not obligatory, the client is encouraged to act upon within the spirit of the certification. These conditions and recommendations are detailed in **Section 4.2.1** of this report.

Date certified

24.11.10

Certificate expiry

23.11.15

Number of previous audits

2

3.2 Details of 3rd Surveillance Audit Process

3.2.1 Determination of surveillance level

Please see **Appendix 2**

3.2.2 Surveillance team details

The original assessment was carried out by Tristan Southall, Paul Medley and Geir Honneland.

The off-site surveillance visit was carried out by Paul Medley, Fiona Nimmo and Geir Honneland. The Report Leader/Team Leader was Geir Honneland.

3.2.3 Date & Location of surveillance audit

Off-site – 6th November, 2013.

3.2.4 Stakeholder consultation & meetings

What was inspected

This is an offsite surveillance audit. The client has been consulted through extensive email correspondence and has submitted a number of written material on progress against milestones for the conditions and for the recommendations, including four scientific reports from the research institute PINRO (two of them based on the client's observer programme), report on the client's MSC logbook, list of inspections and resolution from WWF and the client to Russian fishery authorities, urging them to introduce the precautionary approach and the ecosystem approach as the legal basis for Russian fisheries management.

Stakeholder Consultation

A total of 21 stakeholder organisations and individuals having relevant interest in the assessment were identified and consulted during this surveillance audit. The interest of others not appearing on this list was solicited through the postings on the MSC website.

Documents referred to

See **Appendix 4**.

3.3 Surveillance Standards

3.3.1 MSC Standards, Requirements and Guidance used

This surveillance audit was carried out according to the MSC Fisheries Certification Requirements v1.2.

3.3.2 Confirmation that destructive fishing practices or controversial unilateral exemptions have not been introduced

» No indication was given or suggested during the surveillance audit to suggest that either of these practices is in evidence for this fishery.

» The 17 client vessels active in the surveillance period were inspected 99 times by Norwegian authorities, 5 by Russian authorities and once by Danish authorities. (The low number of inspection by Russian authorities is caused by the fact that the vessels primarily fish in the Norwegian Exclusive Economic Zone and the Fishery Protection Zone around Svalbard, where the Norwegian Coast Guard performs inspections.) 98 of these inspections resulted in no remarks. One warning was given for late reporting to Norwegian authorities about transshipment in Svalbard territorial waters. In addition, it was remarked at one inspection that damaged fillets should be registered separately. The client has taken appropriate measures to meet these requirements.

4. Results, Conclusions and Recommendations

4.1 Discussion of Findings

4.1.1 Changes in fleet structure or operation

See section 2.2.2 on changes in the fleet structure. Area of operation is the same as earlier, cf. reports from the scientific research institute PINRO provided by the client (on file with the CB), based on the client's observer programme.

4.1.2 Changes in stock status and exploitation patterns

No changes. This is also confirmed by the PINRO reports submitted by the client (see sections 2.2.2 and 4.1.1).

Both Barents Sea cod and Barents Sea haddock stocks remain well above the SSB target reference point, based on the 2013 stock assessments (ICES 2013a; 2013b). In the case of cod, fishing mortality is estimated to be just below the target F_{MSY} and with the good recent recruitment, the stock biomass is expected to remain high (ICES 2013a). In the case of haddock, the two most recent fishing mortalities are estimated to have risen sharply well above F_{MSY} (although the TAC has followed scientific advice), suggesting that the current level of catch is unsustainable (ICES 2013b). The management plan now requires a reduction in haddock quota. With spawning stock biomass being relatively high, the current fishing mortality does not threaten the stock, but this could change if the fishing mortality is not successfully reduced.

4.1.3 Changes in ecosystem interaction or management

There have been no changes in ecosystem interactions. The levels of by-catch of commercial and non-target species remain the same as previous years. The management of the stocks remains with the Joint Norwegian–Russian Fisheries Commission (JNRFC).

4.1.4 Changes in management

The management structure remains the same as previous years as the vessels are operated by Russian fishing companies united in one group of companies. Ocean Trawlers acts as a trading arm for these suppliers. As noted in section 4.1.3, there are no changes in the overarching management structure either (JNRFC and management system at national level).

4.1.5 Catch data

See **Section 5**.

4.2 Reporting on Conditions & Recommendations

4.2.1 Condition 3

Condition 3	**Ensure a partial strategy of demonstrably effective management measures for retained species (with objective basis for confidence).**
Performance Indicators:	Both Cod & Haddock: PI 2.1.1 & 2.1.2
Timelines	**Spotted Wolffish** Given that the balance of evidence suggests that the stock is not likely to be overfished, it would be most appropriate to conduct a simple assessment to determine the level of risk based on available data. This might be completed based on PINRO survey data or using longline catches which measure individual fish

Condition 3	Ensure a partial strategy of demonstrably effective management measures for retained species (with objective basis for confidence).
	weights. By the third surveillance audit: Request a report on wolffish stock status, if the data are available, using survey data spotted wolffish biomass trends and size composition to assess risks to stock from the current fishery. By the fourth surveillance audit: If survey data are unavailable to determine status, obtain longline data and submit these to the assessment team. Note that longliners will be part of another certification, so these data should become available if wolffish status cannot be determined in other ways. The length-weight relationship and size at 50% female maturity would also be required. **Golden redfish** Given the parlous state of this stock, and the lack of influence that the client fishery has on the majority of fisheries which exploit this stock, it is likely that this fishery will close the condition on *S. marinus* only if it can be clearly shown that the proportionate catches taken by the client trawl fishery would not prevent recovery of this stock. For example, this might be achieved by identifying an appropriate maximum target catch for the client vessels based on an appropriate share of the overall target fishing mortality. If necessary, the *S. marinus* catch can be controlled by adjusting the move-on rule. By the third surveillance audit: Determine an appropriate level of *S. marinus* fishing mortality which can be taken by the client vessels which will allow the population to rebuild. By the fourth surveillance audit: If the current contribution of bycatch is too high to allow the stock to recover, determine a method for the client vessel to reduce bycatch of *S. marinus* to the target level.
Summary of issues	At least two or three of the species caught as a retained bycatch in the fishery are not 'highly likely to be within biologically based limits' and lack adequate partial management strategy. Given current stock status and trends there is (as yet) a lack of objective basis for confidence that the measures in place are effective. Redfish (Sebastes mentella), wolfish (Anarhicas minor) and, to a lesser extent, Greenland halibut are all components of the target species bycatch. Although not necessarily 'main' components of the catch, elasmobranches species should also be included in this. All are potentially vulnerable to over-exploitation and either lack adequate management controls or stock status is low with limited obvious signs of recovery.
Suggested Action	There are at a number of possible approaches to address this issue – some perhaps more achievable at fleet level, others requiring more input from other entities (science / management). For example: Operational changes to reduce bycatches of these species. Gear modifications Fishing strategy based on analysis of catching patterns Implementation of scientific advice, enhanced management controls. Where risks are identified, appropriate measures to mitigate should be implemented.

Progress against interim milestone

Action taken by the client

The catches by the client vessel group of spotted wolf-fish (*Anarhicas minor*), redfish (*S. marinus*) and other non-quota demersal species were taken in strict compliance with fishery regulations and scientific advice, including proportion of bycatch within the permitted limits. All bycatch of non-target and non-marketable species were registered in MSC logbooks by each vessel owner.

The Scientific Observers Scheme was continued in 2012 under agreement with Knipovich Polar Research Institute of Marine Fisheries and Oceanography (PINRO) and bi-annual results were reported and provided to the assessment team.

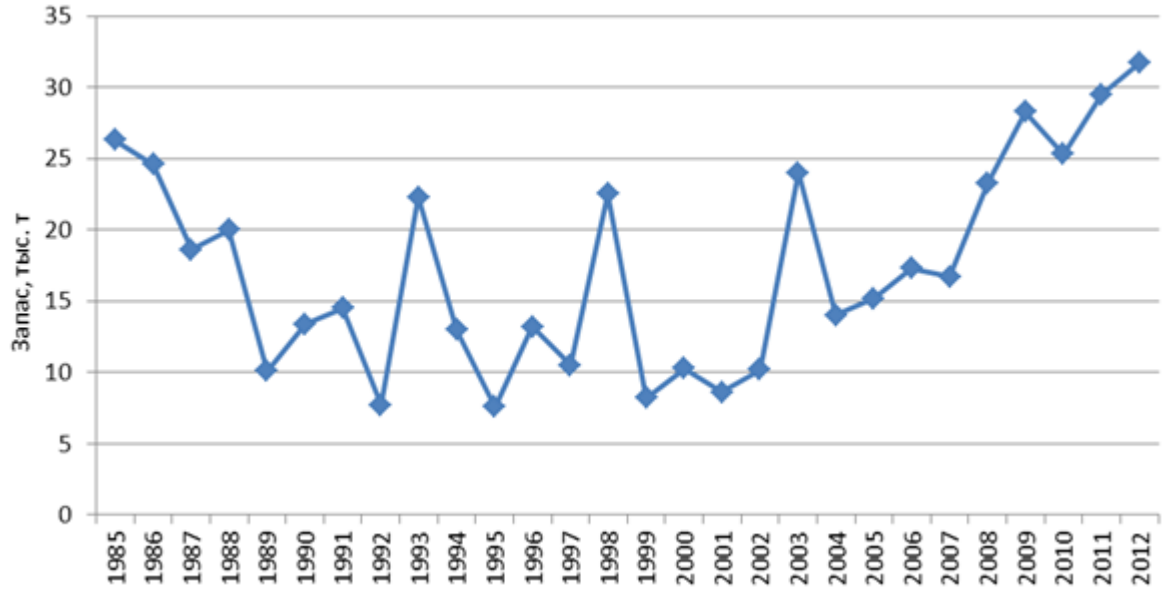
Anarhichas Spp. (Wolffish)

Three species are likely to be caught. *Anarhichas minor* (spotted wolffish) probably make up the majority of the catch, but bycatch may include *Anarhichas denticulatus* and *Anarhichas lupus*. Given the similar life-history characteristics and that catchability is very likely to be highest for *Anarhichas minor* because of its association with cod, this species is used as the reference species for this group.

The PINRO researched the status of spotted wolfish based on results from an annual multi-species trawl and an acoustic autumn-winter survey.

PINRO (2013) present historical trends in stock biomass of spotted wolfish from 1985-2012 (Figure 1), indicating an increasing trend from 2004-2012 (with slight decreases during 2007 and 2010).

Figure 2. Dynamics of Anarhichas minor stock biomass in the Barents Sea and adjacent waters in 1985-2012



(Source: PINRO, 2013)

The client vessel group were found to catch approximately 11% of the spotted wolfish landed by Russian trawls, corresponding to 6% of the spotted wolfish landed by all Russian vessels. The PINRO concludes that the cod and haddock fishery targeted by the client vessel group does not have any significant impact on the wolfish stock.

Based on this evidence the condition is closed for this species.

Sebastes marinus (Golden Redfish)

Sebastes marinus is fished both in a directed gillnet and longline fishery and as bycatch in trawl fisheries targeting cod and saithe. All directed fisheries except by handline is closed between 20 December-31 July and in September. Directed trawl fishery is not allowed. There are regulations on minimum size and no more than 20% redfish (*S. mentella* and *S. marinus*) by weight can be taken as retained bycatch when fishing for other species. In economic zone of Norway Russian vessels can take 4,000 tonnes of redfish as retained bycatch in other fisheries.

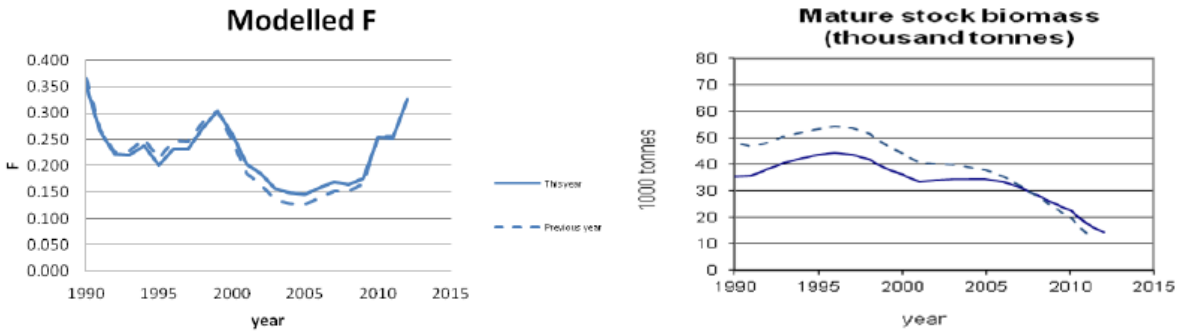
PINRO (2013) report that for the client vessel group targeting cod and haddock fisheries the maximum bycatch of *S. marinus* in a single catch was 11% by weight in 2012 and 8.2 % in 2013 (based on first 9 months), and the average annual bycatch was 0.1 %.

The report concludes that since these figures are within the permitted catch level for *S. marinus*, it will allow the population to rebuild.

However, this is not consistent with ICES advice for *S. marinus*. ICES advises that there should be no fishing on this stock (ICES, 2013). While it is noted that closure of the directed *S. marinus* fishery will reduce fishing mortality, ICES advises that a reduction in bycatch in other fisheries would also be required to reduce fishing mortality to sustainable levels (ICES, 2013).

S. marinus spawning stock biomass has been decreasing since the 1990s and is currently at the lowest level in the time-series (Figure 2). Fishing mortality has been increasing since 2005 (Figure 2), and is well above a sustainable level for a redfish stock.

Figure 3: Modelled fishing mortality (left) and spawning stock biomass (right) for *Sebastes marinus*



Recruitment has historically been very low. However, there have been recent signals of better recruitment, although it is not clear if these are *S. marinus*, or misidentified fish from the larger *S. mentella* stock. Furthermore, it would take more than three years before these recruits could enter the fishery or the SSB.

Overall *S. marinus* catches need to be reduced from approximately 5000t to approximately 1500t or lower to allow the stock to rebuild (Fcur/FMSY = 0.25). The majority of *S. marinus* catches are taken by Norwegian vessels, and accordingly they would have to make the largest proportional reductions. However, reductions are also required within the Russian fisheries as a whole, including the Barents Sea cod and haddock fisheries, unless clear evidence can be provided that demonstrates these fisheries do not hinder rebuilding of *S. marinus*. As such the condition for this species remains open.

Progress has been made on this condition in that some information on the proportion of catch of *S. marinus* has been provided. However, further details are required to better understand the extent of influence, if any, that the Russian Barents Sea cod and haddock fisheries have on the *S. marinus* stock.

Changes to condition

None

Updated status

The condition is closed for *Anarhichas* Spp. (Wolffish).

The condition is on target for *Sebastes marinus* (Golden Redfish).

4.2.2 Condition 4

Condition 4	**Ensure the fishery is highly unlikely to reduce habitat structure and function to a point where there would be serious or irreversible harm.**
Performance Indicators:	Both Cod & Haddock: PI 2.4.1, 2.4.2

Condition 4	Ensure the fishery is highly unlikely to reduce habitat structure and function to a point where there would be serious or irreversible harm.
Timelines	By the third surveillance audit: • The client must report on progress, if any, on adopting or developing new lighter gear to minimize impact on the seabed, and the likelihood of success implementing this gear within the 5 years of certification. If alternative gears having less impact on the seabed are going to be used, a plan to trial alternative gears and evaluate their efficacy both to achieve catches of target species as well as measures indicating the comparative impact on the seabed must also be developed. By the fourth surveillance audit: • Implement any trial of the alternative gears developed for the third surveillance audit and report results. If appropriate, complete a plan to roll out the new gears to the whole fleet. • Develop a management strategy to protect benthic biodiversity from demersal trawl. This could include designated areas closed to demersal trawl, for example. This might include matching areas with the highest catch rates for target species against areas for their potential biodiversity. This strategy will need to take account of the successful adoption of trawl gear which causes less damage to the seabed. By the fifth surveillance audit / recertification: • Implement the management strategy that has been developed. Evidence that the strategy is being implemented by the client vessels will be required.
Summary of issues	Heavy trawl gear has the potential to cause serious habitat damage. Given the available information and apparent management it is not yet possible to conclude that this is 'highly unlikely' in this fishery. The nature of any impact depends on a number of factors such as gear configuration, frequency of fishing disturbance (of a given seabed), habitat species vulnerability, seabed characteristics. Management and mitigation efforts should be tailored accordingly.
Suggested Action	There are a number of potential approaches to move toward a partial strategy for habitats which ensures that serious or irreversible harm to habitats is highly unlikely - some perhaps more achievable at fleet level, others requiring more input from other entities (science / management). For example: Specifically addressing the issue of gear impact by development of lighter / less impacting gear, such as semi-pelagic gears for targeting demersal species as trialled in Norway and the EU. Further analysis of fishing patterns relative to habitat areas, to explore potential for further strategic closed areas – or fishing areas where lighter gears are possible. Continued recording and analysis of sessile benthic species in bycatch – for example, as a further consideration during observer work.

Progress against interim milestones

The Ocean Trawlers Group (OT) have consulted with Russian scientists on on-going projects for development of a new fishing gear for bottom trawl fisheries. Including three on-going projects in association with PINRO (Russian), IMR (Norway) and CINTEF (Norway), exploring the development of semi-pelagic or near-bottom trawling with a view to reducing potential habitat impacts. Communication is maintained by the client with scientists on these projects, offering their vessels for possible experiments trialing new fishing gears/techniques.

Russian suppliers of OT have supported a workshop on Sustainable Harvesting of Biological Resources in Russia: Challenges and Outlooks. This workshop was arranges by WWF Russian in cooperation with Fisheries Holding Karat (united suppliers of OT) and took place in Murmansk on 26-28 May 2013. One of the issues discussed at workshop was improvement of fishing gears to reduce habitat interactions.

During this workshop an initiative was presented to limit the impact of bottom trawling on benthic communities by ensuring existing areas of bottom trawling are not expanded and through the creation of protected areas where bottom trawling is prohibited. Fisheries Holding Karat supported this initiative.

In terms of operation since the last surveillance audit, all fisheries were performed outside the areas closed for bottom trawling, and this has been verified by reports from the Scientific Observers Scheme indicating locations of fishing via VMS data.

Changes to condition

None

Updated status

The condition is on target.

4.2.3 Condition 5

Condition 5	Ensure the consultation process provides opportunity for all interested and affected parties to be involved.
Performance Indicators:	Both Cod & Haddock: PI 3.1.2
Timelines	5 years of certification
Summary of issues	There is some evidence that revisions of fishing regulations do not appear to facilitate involvement from / consultation with all interested and affected parties – including non-represented public (including fishermen), NGOs and potentially even state nature conservation bodies. It is also noted that NGOs are not able to participate in the JNRFC meetings (even as observers). There is a wealth of relevant expertise, that could potentially add to such constructive dialogue, in a way which should in the long term enhance (rather than threaten) the industries long term viability.
Suggested Action	Work with the authorities to ensure that all relevant consultation processes are open, and actively seek and facilitate the participation of all interested parties – including those which may not traditionally have had a role in the consultation process. In particular those with relevant expertise – including areas relating more to MSC principle 2 (i.e. habitats, ETP species and ecosystems) should be engaged.

Progress against interim milestones

Interim milestones were not set for this condition. The client and its suppliers have established good relations with WWF Russia's marine programmes at both regional and federal level and supported several of its initiatives. WWF is by far the most important environmental NGO involved in fishery issues in the Russian northwest. Among other things, the client and its suppliers have started a joint project with WWF Russia to develop a sustainable fishery course for the crew of their fishing vessels and other representatives of the fishing companies. The first course was held on 24 January 2012 and the latest one on 6 February 2013, both in Murmansk and with more than 20 crew members and representatives of the region's fishing companies present.

In the opinion of the assessment team, this is an adequate way of going about this condition and the suggested action. As long as environmental NGOs enjoy limited legitimacy among policy makers in

Russia's fishery complex (during the surveillance period even more so, as Russian NGOs receiving international funding are obliged to register as 'foreign agents), it seems to make sense for the client to establish good relations with WWF and work actively with them. This might help to increase the legitimacy of WWF and other environmental NGOs in Russia's fishery complex more widely.

Despite the generally negative development for Russian NGOs, environmental NGOs seem to be viewed more positively by Russian fishery authorities today than at the time of the original assessment. The leader of the federal Russian WWF's marine programme is, for example, now member of the Public Chamber set up under the Federal Fishery Agency.

At the 2nd surveillance audit in 2012, the assessment team concluded that this condition could be assessed for closure at the 3rd surveillance audit if the established level of activities was maintained. As the client has continued its work with WWF and Russian fishery authorities, and in some respects even intensified it (see Condition 6), this condition is closed as per 3rd surveillance audit.

Changes to condition

None

Updated status

Closed

4.2.4 Condition 6

Condition 6	Ensure clear long-term objectives are explicit within management policy, which are consistent with the precautionary approach.
Performance Indicators:	Both Cod & Haddock: PI 3.1.3
Timelines	5 years of certification
Summary of issues	Although the Russian Federation has ratified international agreements which adopt the precautionary approach (such as the 1992 Convention on Biological Diversity), and which are legislatively superior to Federal Acts. There remains some question over practical application and in particular how the defined objective stated in Russian fisheries law of protection and rational use, is interpreted in practice. For example, in event of scientific uncertainty is there a presumption toward more precautionary management decision making.
Suggested Action	Work with the authorities to clarify how questions of risk and uncertainty are approached in management decision-making, in particular in the absence of clear scientific evidence. Strive for such considerations to be given more explicit prominence in future drafts of federal acts or northern basin rules.

Progress against interim milestones

No interim milestones were set for this condition. The client has opted to take active part in seminars organized by Russian authorities and NGOs to deliver input to further clarification of how risk and uncertainty are approached in decision-making. In the first surveillance audit period, the client participated at a round-table meeting organized by WWF Russia and the Russian Ministry of Economic Development, devoted to the development of an integrated management system of Russian sea areas, based on experience from Canada, Norway and the US. One aim was to encourage the introduction of long-term objectives in the existing and future federal acts and regulations in order to ensure a clearer link to the principles of sustainable development and precautionary approach in Russian fisheries management. During the 2nd surveillance period, the client took part at the scientific conference "Sustainable Harvest of Biological Resources in Russian

Seas: Problems and Perspectives", organized jointly by WWF and the Federal Russian Institute for Fisheries Research and Oceanography (VNIRO) in Sochi.

The client was the only fishing company represented at the conference and made a presentation of their views on sustainable fisheries management. In their presentation, they paid particular attention to how Russian fishery legislation can be adapted to the precautionary approach. During the 3rd surveillance period, on 26-28 May 2013, the client co-organized (with WWF) a workshop on sustainable harvesting of biological resources in Russia, with particular emphasis on the legal basis for long-term sustainable fisheries management. The participants of the workshop produced a resolution addressed to the Russian Government, the Russian Parliament (the State Duma) and to Russian fishery management authorities. The resolution urges Russian authorities to adopt the precautionary approach and the ecosystem approach as the legal basis for fisheries management in the Russian Federation. The resolution is on file with the assessment team.

The client emphasizes that joining forces with NGOs and advocating precautionary thinking in government circles is the best they can do in order to follow up the suggested action under this condition. The assessment team agrees with this and decided at the 2nd surveillance audit to consider closing this condition at the 3rd surveillance audit if the established level of action was continued. As activities have indeed been maintained and even intensified, this condition is closed as per the 3rd surveillance audit.

Changes to condition

None

Updated status

Closed.

Recommendation 1

Recommendation 1	Assessment Sampling Bias
Performance Indicators:	Both Cod & Haddock: PI 1.2.4
Timelines	5 years of certification
Summary of issues	The Russian and Norwegian surveys are showing an apparent lack of co-operation in allowing access to each other's zone. While science is often able to make good abundance indices, they can severely affect stock assessments through sampling problems because the data sets are small and therefore sensitive to sampling, but very influential. It is quite possible that the survey rather than discards or IUU catch is the main cause of problems in the haddock stock assessment. This is considered an unnecessary problem. Continued unreliable survey indices could lead to rejection of the stock assessment and a subsequent condition
Suggested Action	The client fishery is encouraged to collaborate with appropriate authorities in a timely manner for resolution.

Progress in meeting recommendation 1

The client considers that what it can do is to provide vessels for PINRO scientists to use. Scientific voyages are expensive, so the client offers PINRO to place its scientists on board its vessels. Scientific observers have been placed aboard vessels and record vessel activity, but these data are not used as an abundance index.

In 2012, to compensate for fewer Norwegian vessel days at the Joint winter survey, it was decided to place the sample stations farther apart. Due to good weather and extra effort from the Russian vessel, the total coverage was good, but a lower number of stations increased the uncertainty in the

estimates. Therefore, while the survey contributes to the uncertainty, this is dealt with in the harvest strategy.

Given that scientific co-operation has improved and surveys in recent years have been completed with no repeat of issues that were observed at the time of certification, this recommendation may be considered closed.

Status of recommendation 1 ('on target', 'ahead of target', 'behind target', or 'Closed'):

Closed

Recommendation 2

Recommendation 2	ETP species identification and reporting
Performance Indicators:	Both Cod & Haddock: PI 2.3.2, 2.3.3
Timelines	5 years of certification
Summary of issues	In preparing for the MSC assessment process, the client fishery has developed an MSC logbook to report interactions with ETP species (among other things). This has been implemented on board vessels along with a comprehensive list of ETP species that should be recorded.
Suggested Action	This list and supporting documentation should be refined to focus on those species most likely to interact with the fishery, and provide clear species identification guidance, such that new crew members can become quickly trained and actively engaged in MSC logbook reporting.

Progress in meeting recommendation 2

The client arranged and held a Sustainable Fishery Course for vessel owners, skippers and crewmembers which was held in Murmansk on 06 February 2013. The participants found the course very helpful and suggested several changes in how ETP and other bycaught species are registered on board. These changes will be implemented by the client in an update to the MSC logbook.

The continuation of the at-sea observer program is also an additional initiative that will improve understanding of fishing activities, and validate the skippers MSC logbook. The client specifically motivates the crew to record all species.

In order to close this recommendation it would be useful for the client to provide an annual dataset from the MSC logbook scheme to demonstrate how data on ETP species are collated and analysed.

Status of recommendation 2 ('on target', 'ahead of target' or 'behind target'):

On Target

Recommendation 3

Recommendation 3	Traceability / transparency
Performance Indicators:	Both Cod & Haddock: PI 3.2.3
Timelines	5 years of certification
Summary of issues	It is recognised that the company has made considerable strides toward demonstrating its commitment to operating in sustainable, open, transparent and fully compliant manner. Successful certification is deserved recognition for this; however, this should not be seen as the end point.
Suggested Action	The client fishery is strongly encouraged to continue on-going efforts in this area.

Progress in meeting recommendation 3

The Client has maintained MSC chain of Custody for its products through an approved Certification body. This certification is underpinned in parts by co-operation of the fisheries and with fisheries regulations such as conducting transhipments within territorial waters, and allowing control and enforcement officers access to monitor catches and vessel operations. During the 2nd surveillance period, the client met with WWF International in Amsterdam to discuss an initiative to enhance transparency in fisheries by making the position of fishing vessels available to the public. During the 3rd surveillance period, the client has published information about its vessels (on the website of Fisheries Holding Karat, the client group's shipowner branch) including IMO codes that can be used to trace the vessels using the AIS system worldwide.

Status of recommendation 3 ('on target', 'ahead of target' or 'behind target'):

On Target

Recommendation 4

Recommendation 4	Discarding data
Performance Indicators:	Both Cod & Haddock: PI 2.2.3
Timelines	5 years of certification
Summary of issues	Although there is a strong ban and enforcement control on the discarding ban, there remain some questions over its practical implementation, in particular over the fate of non-marketable fish. Given the strength of the discard ban, it is possible that information about discarding is not captured.
Suggested Action	The client fishery is encouraged to seek clarification and a workable solution - It would be advisable to seek to address this issue by working with scientists, regulators and enforcement agencies (both Russian and Norwegian).

Progress in meeting recommendation 4

The Issue of discards was discussed with the crewmembers of the fishing vessels at the Sustainable Fishery Course in Murmansk (6 February 2013).

All species captured by the client vessel group are registered in MSC logbooks. The accuracy of these records are verified by scientists on board approved vessels as part of the Scientific Observers Scheme.

As reported within the 2nd Surveillance Audit, the client continues to be in support of a harmonised workable solution between Russia and Norway on regulating by-catch returned to the sea. Since this issue is a main concern of the Joint Norwegian–Russian Fisheries Commission, the client continues to be somewhat careful not to work politically on this issue. However, it has unilaterally decided to halt the practice of discarding damaged fish and instead freezes it and keeps it in specifically marked package. The fish is subsequently sold, at lower prices.

In addition to above, the Quality and Processing Service (a group of experts to ensure the processing quality on the vessels supplying to OT) have controlled the due maintenance of MSC logbooks and absence of illegal discards of fish in accordance with the applicable fisheries regulations. One of the issues that the Quality and Processing Service have focused on is the compliance with the rules for weighing products before freezing and packing.

Status of recommendation 4 ('on target', 'ahead of target' or 'behind target'):

On Target

4.3 New Conditions & Recommendations

None.

4.4 Conclusions

Table 1: Summary of progress on conditions/recommendations

Binding Conditions / Recommendations	Descriptions	Status of Progress
Condition 1	Elements of the Arctic Cod harvest strategy work together towards achieving management objectives (Cod only PI 1.2.1)	On Target and Closed
Condition 2	Ensure good information on all fishery removals from the stock (Both spp. PI 1.2.3, 1.2.2)	On Target and Closed
Condition 3	Ensure a partial strategy of demonstrably effective management measures for retained species (with objective basis for confidence)- (Both spp. PI 2.1.1, 2.1.2)	*Anarhichas* Spp. (Wolffish): On target and closed *Sebastes marinus* (Golden Redfish): On target
Condition 4	Ensure the fishery is highly unlikely to reduce habitat structure and function to a point where there would be serious or irreversible harm (Both spp. PI 2.4.1, 2.4.2)	On Target
Condition 5	Ensure the consultation process provides opportunity for all interested and affected parties to be involved (Both spp. PI 3.1.2)	On Target and Closed
Condition 6	Ensure clear long-term objectives are explicit within management policy, which are consistent with the precautionary approach (Both spp. PI 3.1.3)	On Target and Closed
Recommendation 1	Increase trans-national cooperation to improve stock assessment sampling outcomes (PI 1.2.4)	On Target and Closed
Recommendation 2	ETP species identification and reporting (PI 2.3.2, 2.3.3)	On Target
Recommendation 3	Ongoing efforts supporting Traceability and transparency (PI 3.2.3)	On Target
Recommendation 4	Discarding data (PI 2.2.3)	On Target

Sourced from original assessment

4.5 Status of Certification

Certified.

5. Catch Data

Table 2 - Catch Data for 2012

Total TAC for most recent fishing year:		**751,000 tonnes (cod)** **318,000 tonnes (haddock)**
Unit of Certification share of the total TAC established for the fishery in most recent fishing year*		
	UoC 1	
	UoC 2	
	UoC 3	
	UoC 4	
Client share of the total TAC established for the fishery in most recent fishing year:		**104,844 (cod)** **43,500 (haddock)**
Total greenweight catch taken by the client group in the two most recent calendar years:		**104,810 (cod)** **43,490 (haddock)**

* To be added into MSC database for each Unit of Certification

Source: Fishery client

Appendix 1 – Written Submissions from Stakeholders

None.

Appendix 2 - Surveillance Plan

Table A2.1: Fishery Surveillance Plan

Score from CR Table C3	Surveillance Category	Year 1	Year 2	Year 3	Year 4
2 or more	Normal Surveillance	Completed	Completed	Completed	On-site surveillance audit & recertification site visit

Appendix 2.1 Rationale for determining surveillance score

The fishery meets the score for normal surveillance levels and there is no pressing reason to deviate from this course. Therefore the Normal Surveillance level is confirmed.

Appendix 4 - References

ICES 2013a. 3.4.2 Cod in Subareas I and II (Northeast Arctic cod) ICES Advice 2013, Book 3

ICES 2013b. 3.4.4 Haddock in Subareas I and II (Northeast Arctic cod) ICES Advice 2013, Book 3