



# Policy and Procedures MSC Group Chain of Custody: FIA PNG

## 1. Background

The FIA PNG Office (FIAO) is fully responsible for managing the Group CoC and ensuring MSC CoC conditions are met. The FIAO creates and implements this policy and procedures manual as the group entity to manage the 'sites' that form the members of this CoC.

FIAO defines, as a site of any processor (primary and secondary) and any exporter. Including the transport from Processing to export facilities. Its unique address and identification number are linked to FIAO-authorized MSC Group CoC sites.

These Group chain of custody (CoC) procedures have been developed to achieve the MSC's group CoC certification requirements and avoid the risk of mixing non-MSC with MSC-certified lobster. There will be demonstrable and continually verified traceability from reception of the MSC-certified Lobster to transport, and export of the MSC-certified Lobster. The FIAO must comply with these procedures and maintain accurate records in order to demonstrate compliance. This policy should apply to Lobster's operations.

**Document version control.** This is a live document and will be updated regularly; modifications are to be recoded below:

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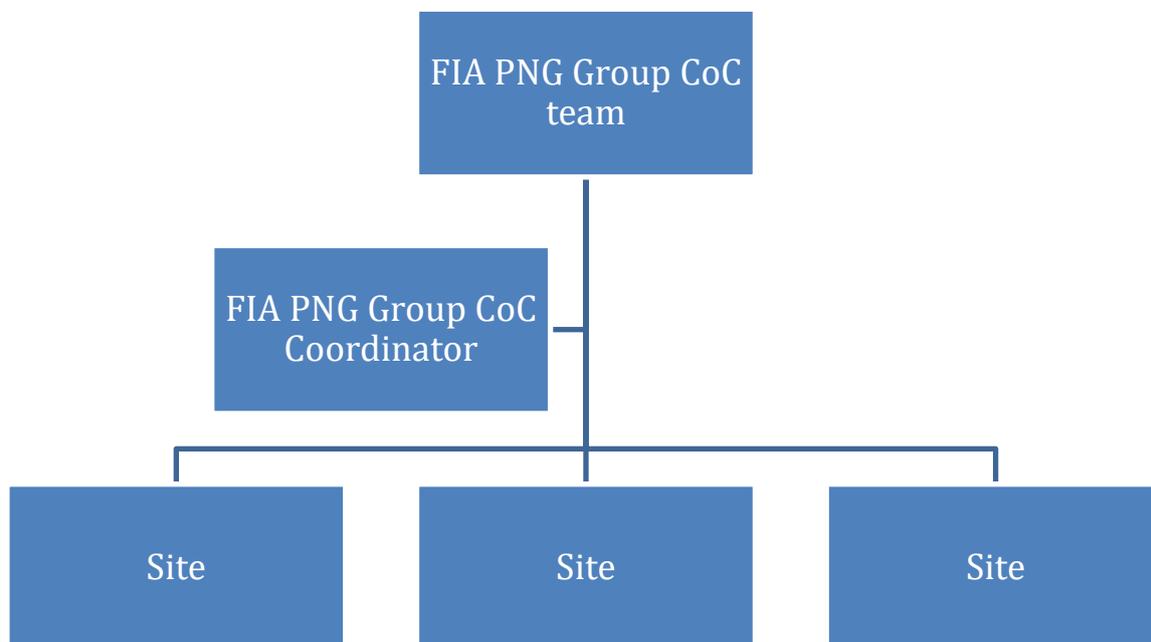
## FIAO MSC Responsibilities

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- 1) Fully responsible for the traceability within the fishery and Group Chain of Custody point of contact for the MSC certification program, and Certification Assessment Body (CAB). Maintaining the group policy and procedure document, control of sites and monitoring, ensuring its implementation and keeping records. Paying fees of the certification body, adhering to CAB requirements and for all communications with the CAB. The Director takes responsibility for this role.
- 2) Ensure that each location at which MSC-certified Lobster or seafood products handled must comply with all MSC' Group CoC requirements, which are contained in the MSC Chain of Custody Standard v2.1. This includes managing who is included and excluded in the scope of certification and what material can be considered as MSC-certified products.
- 3) Conduct an annual audit of every site. The audit will cover the understanding and competency of the site to ensure compliance with MSC Group CoC requirements, their control systems, and the physical handling of material.
- 4) Sample audit sites.
- 5) Sample worker interviews (supervisors and managers) for evaluation
- 6) Initial and follow-up audits when these are needed.
- 7) The FIAO must demonstrate impartiality in audit and decision-making regarding site compliance. This is achieved by formally assessing potential conflicts of interest and auditing by an FIAO internal auditor who is not involved in the fishing operation.
- 8) Managing and controlling sites and their duties.
- 9) Document control in terms of MSC and CAB requirements being stored and circulated to the necessary sites.
- 10) The FIAO is responsible for verification of CoC sites and must nominate individuals to undertake these tasks.
- 11) The FIAO will approve and nominate individuals from sites (MSC CoC manager and HACCP team) to carry out monitoring activities (from reception, processing, packing, to export). These activities will include confirming compliance of companies.
- 12) The FIAO is responsible for training program of the FIAO MSC Group CoC, quality of training control and trainer quality control.
- 13) In addition to Site approval the FIAO must be confident of the Authority's ability to monitor and control its traceability effectively. This could be demonstrated by the Authority attainment of EU approval.



**Figure 1: FIAO Group CoC Organisational Chart**





# FIAO Procedures

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## 2. Overview

The FIAO is committed to conformity with MSC requirements and with internal rules relating to the operation of the group certification program. FIAO will provide the necessary resources (qualified personnel, technical, and physical resources) to undertake the group entity's duties with the National Fisheries Authority's (NFA) financial support for the certification process and the maintenance of the certification.

The FIAO is a registered organization, is financially unrelated to the group sites, and manages the group with MoU.

The responsibilities of the group entity and sites are detailed in their respective policy manuals.

## 3. The Memorandum of Agreement MoA

FIAO enters into a written agreement with each site (processor, trader, and export company), which sets out as a minimum the following:

- A commitment by the site's manager to comply with MSC Group CoC requirements and with all group procedures, policies, and other requirements regarding conformity with MSC CoC requirements, including those relating to the use of the MSC ecolabel.
- The authority, responsibilities, and obligations of each site and the site's MSC CoC manager for MSC Group CoC requirements.
- The site agrees to:
  - being listed as a site in the group's application for FIA PNG MSC Group Chain of Custody certification.
  - conform to the terms of the MoA between the group entity and its CAB, including the release of certain information into the public domain, for example through the MSC's website.
  - allow the group entity, CAB, the MSC's accreditation body (ASI) and the MSC access for purposes of conformity audits to the site's premises, records, and approval to speak to personnel; and,
  - allow the CAB to make irregularly timed short-notice audits.
- The site accepts the sanctions that will be applied to the site by the group entity in cases of non-conformity.
- An agreement on how costs will be covered.
- The name and/or legal identity of each party, contact name, and address and be legally binding on the group entity and the site's owner.

### 3.1 Site (Group Member) Records Management

The FIAO maintains a register of sites (within the FIA Database) that are part of the MSC Group CoC. The register shall be in a form that is simple to search, and shall contain, at minimum, the following information:



- the postal and physical address of each site;
- the name of each site's key contact person;
- the telephone, facsimile and email contacts for each site;
- the scope for each site, if these differ from the Group entity;
- the current site status within the group (active, suspended or withdrawn); and,
- the date on which any sites joined the group, and if applicable left the group, with an explanation of the reasons for their leaving.

FIAO aims to keep the record of sites up to date and as a minimum make changes within 7 days of the change happening.

### **3.2 FIAO's procedure for adding/removing sites**

Before new sites are added to the group, applicant sites shall be internally audited by the FIA PNG MSC Group CoC Coordinator or an authorized team member and shall have no outstanding critical or major nonconformities with the requirements of the group and this document.

FIA will advise its Certification Assessment Body of the intention to add new sites to the group, provide a copy of audit records for that site, and notify them of all site details as required for the Register of Sites.

If the number of sites added to the group since the last CAB audit is less than or equal to 10% of the number of sites at the time of that audit, and if the additional sites do not add new activities to the scope of the certificate, sites may be added with no CAB activity required, but the group entity shall note that the CAB may decide to perform an additional audit.

If the number of sites added to the group since the last CAB audit is more than 10% of the number of sites at the time of that audit, or if the additional sites add new activities to the scope of the certificate, sites shall not be added to the group without the written consent of the CAB, who may be required to perform additional audits before granting consent.

Once approval to add new sites to the group has been granted by the decision maker or the CAB as appropriate, the new sites shall be added to the group, and their details included in the Register of Sites.

Sites who withdraw from the group for whatever reason shall:

- Be removed from the register of sites;
- Be required to sign an acknowledgment that they are no longer part of the group, and may not continue to use the MSC eco-label or trade name; and,
- Their names shall be informed and shared with the CAB within 10 days of withdrawal

### **4. Control of nonconforming product**

The nonconforming product shall be identified, isolated, and prevented from being shipped as soon as the FIAO (group entity) becomes aware of its nonconformity. When MSC verifiers (site internal auditors, FIAO CoC auditors, CAB auditors) identify that mixing has taken place



they shall do a product recall. FIA PNG Lobster processors and head office shall inform any affected Customers within 4 working days.

If the nonconforming product is first identified at a site, the site MSC CoC Manager/representative shall be informed immediately as well as the FIAO.

A review of the cause and extent of nonconformity shall be undertaken by the group entity (FIA PNG MSC Group CoC Coordinator), and if there is a risk that a non-MSD certified product may have been sold as MSD certified then:

- a) a trade withdrawal or trade recall shall be instituted to recall non-conforming products from trade customers; and,
- b) the CAB and MSD headquarters shall be notified within 2 days of the group entity becoming aware of the problem.

FIAO's internal audit shall test the traceability and recall of non-conforming products.

Records shall be kept detailing the disposal, rework, or relabelling performed on the nonconforming product.

#### **4.1 Corrective and Preventive Action**

The FIAO monitors MSD-certified batches throughout the Lobster supply chain through submissions from Sites, monitoring, and verification by its own auditors. If any non-conformance is identified the FIAO must be informed immediately. The FIAO reviews the nonconformity and determines if this is a one-off problem limited to that site, or if it is a potentially systematic problem. If a systematic problem the FIAO commences corrective action processes for all sites involved. If not systematic, the PNAO commences corrective action processes for the site.

The corrective and preventive action processes address all actual or identified potential nonconformity, whether identified at internal or external audit, from complaints or by other means including the following steps:

- a) determine the root cause of the problem or potential problem.
- b) evaluate what changes are required to ensure that the problem cannot re-occur, and to correct all actual or potential nonconformities arising from the problem.
- c) evaluate if the root cause of the problem identified may have caused any problems at other sites that need to be addressed, and determine what should be done to correct those problems.
- d) identify and implement changes to policies, procedures, forms, or practices to ensure that the problem is prevented from re-occurring (corrective action) or occurring at all sites (preventive action), and that all other potential issues arising from the root cause are addressed.
- e) record all actions taken; and,



f) verify that the corrective or preventive action has been effective in solving the problem identified.

#### **4.2 Records**

The FIAO maintains records of all MSC-certified material and when MSC CoC approvals are issued. These records are based on the database system but paper records are also maintained. In addition, the FIAO requires sites to do the following:

- a) retain CoC records for 3 years.
- b) ensure they remain in good condition, legible, and accessible as required; and,
- c) regularly back up electronic records so that they are not at risk of loss.

#### **5. Management review**

The FIAO has appointed a FIA PNG Sustainability and CSR Director, and MSC Group CoC team. A review of the effectiveness of the internal control process and system in meeting MSC requirements on a minimum annual basis is documented, implemented, and maintained. This includes:

The one management review conducted before the certification

- Those involved in the review;
- Results of all verification activities, both internal and external; MSC Group Chain of Custody Certification
- Internal or external nonconformities raised, and the corrective and preventive actions taken to address them;
- Complaints relating to the operation of the MSC program; and,
- How actions will be recorded and followed up on.

#### **Site compliance monitoring, verification, and management**

The FIAO monitors the sites through internal audits to ensure that:

1. all sites comply with MSC's and the FIAO requirements
2. the group entity complies with MSC's Group CoC and its internal requirements
3. the system is documented, implemented, and maintained

#### **6. Internal Audit planning and scheduling**

Internal audits of every site and the group entity are carried out by the FIA PNG MSC CoC Coordinator or delegate a minimum of once per year (or more often as required by the status and nature of the activity performed on each site). He/she puts a schedule together for internal audits which, where necessary, shall be adjusted to reflect the results of previous internal audits. The internal audit plan and schedule include information on each site covering:



- the proposed date of the next internal audit
- the date and results of the last internal audit
- the type of internal audit (initial, annual, follow-up, unannounced)
- the name of the internal auditor who performed the last internal audit
- any open nonconformities and the dates by which they must be closed
- the site's current status (e.g. current, suspended or withdrawn)
- any other details felt important

Prior to the initial certification audit taking place, all sites in the group will be internally audited by the FIAO, and shall have no outstanding critical or major nonconformities. There shall have been an internal audit of the group entity's systems, and there shall be no outstanding critical or major non-conformities.

FIAO keeps records to demonstrate through other audit records (e.g. HACCP or quality audits) that all sites in the group can comply with requirements. FIAO maintains evidence that each site has acknowledged receipt of information regarding MSC CoC requirements specifically. In addition, the FIAO explains to Sites that the sites may be audited by the CAB auditor and that the group will be rejected if sites with non-conformances exceed the reject number.

### **6.1 Internal auditor qualification criteria**

Internal auditors shall comply with qualification criteria as follows.

- Be appointed by the FIAO CoC Management team
- All internal auditors shall be able to demonstrate knowledge of the MSC requirements for Chain of Custody, MSC fisheries, and of the requirements for group certification.
- Internal auditors of activities performed at the site level shall have a minimum of five (5) year's experience in fishing industry supply chain activity at the point in the supply chain that the group activities occur (or can justify to their CB why other experience is relevant) and shall be able to demonstrate that they understand audit processes, and undertake internal audits.
- Where more than one auditor is used to conduct internal audits of sites, there shall be at least one internal audit each year where each auditor is "shadowed" by another Senior auditor to provide feedback aimed at ensuring consistency of interpretation of requirements and decisions. Records of shadow audits shall be kept.
- Auditors should sign off as internal auditors in any of the RSP pillars certifications held by FIAO.
- Auditors shall have approved an ISO19011:2011 training course, if not the FIAO immediately will provide it.

### **6.2 Internal audit process**

The internal audit is conducted via a checklist, and the report is submitted to the FIA PNG MSC Group CoC Coordinator for review and decision-making. The emphasis is on reporting actual nonconformities or areas for system improvement. The sites must conform to the



requirements of the process detailed in this document. The audit must follow the ISO 19011 general method.

Non-conformities must be addressed by sites following corrective action by the site or group entity. Records of verification shall include evidence of actions taken, and of the effectiveness of those actions in addressing the root cause of the non-conformity.

### **6.3 Input and output reconciliation/mass balance**

FIAO keeps records of a reconciliation of inputs and outputs for each site within the group over the previous 12 months at least once each year. The reconciliation for each site shall be in the form:

- opening stocks of MSC-certified Lobster
- plus, purchases of MSC-certified Lobster
- less sales of MSC-certified Lobster sold as MSC-certified Lobster.
- less sales of MSC-certified Lobster not sold as MSC-certified Lobster.
- less waste and other losses
- equals closing stocks of MSC-certified Lobster.

### **6.4 Decision on-site conformity**

The decision on whether a site conforms with all the MSC Group CoC requirements shall be made by the FIA PNG MSC CoC team member who has not been involved in the site audit (they are the “decision maker”), and shall be based on the objective evidence provided by the site audit and all other evidence that may be available to the decision maker.

### **6.5 Impartiality**

Impartiality must be maintained at all stages of verification processes, including a check to ensure that site auditors and decision-makers have no significant conflicts of interest. Where a possible significant conflict of interest is identified, the individual concerned must excuse herself or himself from the verification activity or decision-making.

Examples of significant conflict of interest include the internal auditor owning the site audited, or the site manager having a close family relationship or similar.

### **6.6 Grading of non-conformities**

In the MSC Group CoC V2.1 checklist, only principles from 1 to 5 will be audited by the site internal auditor for conformance on a day-to-day basis. At the end of the daily control, this record shall be kept for 3 years. In addition, FIAO internal audits will monitor site conformance as below.

The internal auditor who raises non-conformities grades them into one of three categories:

- **Critical** – where the product is found which is labelled as MSC certified but is shown not to be MSC certified; and



- **Major** – where there is a breakdown that could result in non-MSC Lobster being sold as MSC-certified Lobster.
- **Minor** – where there is a breakdown that is unlikely to result in the non-MSC Lobster products being sold as MSC-certified Lobster and all other non-conformities.

### **6.7 Timing and corrective actions for site nonconformities**

Non-conformities found in individuals must be addressed by the site in order for FIAO to keep them included in the group. This includes the following:

- Site-critical non-conformities shall result in the organization immediately suspending the site from the group until the non-conformity has been fully closed.
- Site Major non-conformities shall be closed within 30 days of their identification. If not closed within this timeframe, the non-conformity shall be immediately suspended from the group.
- Site Minor non-conformities shall be closed within 60 days of their identification. If not closed within this timeframe, the non-conformity shall be immediately re graded as site major, and 30 days given to close it.

### **6.8 Timing and corrective actions for group entity nonconformities**

Non-conformities found in the group entity as identified by an internal audit must be addressed by the FIAO including:

- Critical non-conformities shall result in the group entity immediately instructing all sites to immediately stop packaging and cease making any claim about MSC certification for affected product(s). The group entity shall inform its MSC-accredited CAB within 24 hours of finding the non-conformity.
- Major non-conformities shall be corrected within 30 days of their identification. If not corrected within this time frame, the non-conformity shall be immediately re-graded as Critical.
- Minor non-conformities shall be corrected within 90 days of their identification. If not corrected within this time frame, the non-conformity shall be immediately re-graded as Major.

### **6.9 Suspension of individual sites**

If FIAO has grounds for suspension of individual sites then they must be removed from the group certification for the following periods:

- a minimum of six months if the integrity of the certified supply chain has intentionally and/or systematically been compromised
- for a period of time sufficient to ensure that the non-conformity and its causes have been satisfactorily addressed if the integrity of the certified supply chain has not systematically and/or intentionally been compromised.



Following these time periods, if the nonconformity has been satisfactorily addressed, suspension may be lifted. During suspension, no claim relating to MSC-certified products shall be made. FIAO will notify the CAB of all suspensions within 10 days.

## **6.10 Withdrawal**

If the reasons for suspension are not addressed within the timeframe given above then the site shall be removed from the group, and cannot reapply for entry for a minimum period of 24 months.

## **7. Use of the MSC logo**

It is not envisaged that the group will apply the MSC ecolabel. This is going to be a site and buyer decision.

### **7.1 Application for approval to use the ecolabel on products**

All requests from sites and/or the group entity for use of the MSC ecolabel for consumer-facing, no consumer or menu use (as required by the ecolabel licensing agreement) shall be presented to MSC I by the group entity, who shall also communicate MSC I's decisions to the relevant individual site(s).

### **7.2 Ecolabel license fees**

The FIAO is ultimately responsible for collating data covering sales of MSC-labelled products made by each site and providing this information to MSC I.

Each site will be invoiced separately for the royalties owed by the site. The site is liable for payment of all fees to MSC I, and lack of compliance shall lead to notification of the group entity to audit the site and if necessary, issue nonconformity.

### **7.3 Certificate number**

Following ecolabel licensing rules, each site shall use the certificate number allocated to the group, and the sub-code allocated to it when referring to its certified status.

## **8. Forms/Attachments**

FIAO MoU template

FIA PNG Group CoC audit checklist (MSC Group CoC audit checklist V2.0)