

## Half Year Report Narrative and Financial Report

### General Information

Period covered by the half year report  
01.10.2011 to 31.03.2012

Name of organisation  
Marine Stewardship Council (MSC)

Project title and project number  
MSC Baltic Sea project

The project areas  
Using certification and eco-labelling to contribute to the health of the Baltic Sea by recognising and rewarding sustainable fishing practices and influencing the choices people make when buying seafood

Primary target groups  
Commercial fishing entities able and willing to demonstrate sustainable fishing practices; seafood consumers and supply chain operators

### Project Implementation Project Objective and Scope

What is the primary objective of the project?  
To establish the MSC concept in Sweden and the Baltic Sea region and deliver positive environmental benefits to the region

Is the project expected to reach its objective? Is the plan being followed? (describe briefly)  
The project is on track to reach its objectives and the plan is being followed. In terms of the participation of fisheries from Sweden and other Baltic countries and the numbers of labelled products on sale in Sweden and other Baltic countries, the project is exceeding its targets. The increase in staff numbers in the MSC's offices in Stockholm and Berlin is allowing the MSC to plan and deliver more joint marketing activity with retailers and seafood brands in Sweden, Denmark and Germany, and thereby to expand the MSC's profile among consumers in the region. Improvements to the MSC's Chain of Custody (CoC) certification programme should help to ease the challenges we have faced associated with CoC certification of the supply chain in the foodservice sector where we have experienced some difficulty in meeting our project objectives. Only in the MSC's work to engage with foodservice companies (other than McDonald's) are we experiencing difficulties in meeting our objectives. Overall, the project has allowed the MSC to increasingly realise the potential for the engagement of consumers, fisheries and seafood companies in a market based solution in Sweden, as well as in Denmark and in Germany. The project has also been an invaluable catalyst in spreading the MSC's profile eastwards in the Baltic Sea region.

## Results / Indicators

Which concrete results have been achieved so far? (describe briefly)

- Sweden: 8 fisheries in the programme (North Sea Mackerel had its certificate suspended in March 2012, but remains in the program), also several new pre-assessments have commenced since January 2012; 842 labelled products on sale (40% increase since October); 42 CoC certified companies; consumer recognition at 28% (2012 surveys currently being carried out); 2 LEAs serving 99 schools and 100 kindergartens certified as part of the Fish & Kids programme; 219 McDonald's outlets certified; 35% of the wild-caught seafood sold directly to consumers carries the MSC eco-label.
- Germany: 8 fisheries in the programme (Küstenfischer Nord eG Heiligenhafen Germany Eastern Baltic cod and Royal Frysk Jutland Mussels certified in last six months); 4,054 products on sale (19% increase since October); 1,376 McDonald's outlets certified; consumer recognition at 26% (2012 surveys currently being carried out; first joint-marketing campaigns carried out in Northern Germany (one national retailer, one regional retailer); 55% of the wild-caught seafood sold directly to consumers carries the MSC eco-label.
- Denmark: 17 fisheries in the programme (Isefjord and East Jutland Danish blue shell mussel and VMI East Jutland blue shell mussel dredge certified in last six months); 100% of Danish blue shell mussels now certified; 587 labelled products on sale (32% increase since October); 93 McDonald's outlets certified; 12% of the wild-caught seafood sold directly to consumers carries the MSC eco-label.
- The three largest retailer groups in Denmark (Coop, Dansk Supermarked & Super Gross), collectively covering more than 95% of the total Danish market, signed an MoU to promote the MSC through a nationwide in-store campaign
- In terms of numbers of labelled products on sale Sweden and Denmark are now the third and fourth fastest-growing MSC markets globally as a result of this project.
- Increasing political support evidenced by the Swedish Minister of Fisheries, Agriculture and Rural Affairs endorsing the MSC for the first time in his address at the European Maritime Day with EU Commissioner Damanaki  
<http://www.regeringen.se/sb/d/7684/a/193362>

How were these measured?

Commercial / sales data supplied direct to MSC database; key markets consumer research; commercial data updated quarterly

## Activities

Describe briefly what has been done in the project. Explain about problems, delays and deviations in the project implementation. For example: Was anything planned that was not implemented? Reasons? Has anything been implemented that was not in the original plan? Reasons? Is it already possible to see any positive changes for the target groups on the basis of the project plan, if so, which? Describe by giving clear concrete examples (case studies). List in an appendix the implemented/not implemented activities, and those that are ongoing according to the project plan.

### **Project resourcing**

The MSC Baltic Communications Officer was on protracted sick leave from October 2011 until a voluntary agreement to terminate her employment was reached in November. For the second half of the year, the MSC did not have a dedicated regional communications staff member, and the responsibilities of the post were shared within the wider Baltic Sea team. The Baltic office hired a former intern as an interim measure also carrying out commercial outreach and managing social media work. After re-advertising the post, the MSC has offered the position of Communications Manager Baltic Sea Region to Linda Sörnäs.

In March 2012, Karoline Rahbek was hired as a new Danish Marketing Campaign Coordinator on a nine month fixed term. In the position, Karoline is responsible for coordinating the implementation of the Danish retailer group's nationwide campaign (see below) and will also support the MSC in carrying out a broader range of promotional activities in Denmark.

Also in March, the MSC Baltic Office's former intern, Cecilia Lenbäck was hired as a new Commercial Outreach and Information Officer, on a fixed term. Cecilia will be assisting with commercial outreach in the region, as well as playing a supportive role in filling the ongoing communications gap.

In November the Commercial Manager for N Germany was replaced.

### **Fishery sector engagement**

Overall, the MSC has continued making excellent progress in moving Baltic fisheries into the MSC certification programme and we await the entry of a number of fisheries which have now undertaken pre-assessment.

In the last 12 months, four Baltic cod fisheries have achieved certification. In April 2011, the DFPO Denmark Eastern Baltic cod fishery was certified; in June, the Fiskbranschens Swedish Eastern Baltic cod fishery was certified, in August, the German Eastern Baltic cod fishery was certified; and in October, the Küstenfischer Nord eG Heiligenhafen Germany Eastern Baltic cod was certified. The certification of the Eastern Baltic cod fisheries in Denmark, Germany and Sweden have collectively resulted in a chain reaction of CoC certifications generating significant media attention about the MSC program in Northern Europe. Polish Eastern Baltic cod completed their pre-assessment in December with a recommendation to proceed to full assessment. A contract will be signed with FCI (the same CAB who conducted the other EBC assessments).

We also have confirmation that the Lithuanian EBC fleet will be entering into assessment. During the reporting period, the MSC Baltic manager and fisheries officer attended and presented at several meetings organized for management organizations, eNGOs, Universities, schools, international conferences and local authorities in Sweden, Denmark and Poland,

Estonia and Lithuania. Active outreach has been conducted with all of the nine Swedish coastal districts of which five are now engaged in the program through active dialogue and in some cases pre-assessment.

In the last three months, two Baltic Sea mussel fisheries were certified, two Danish and one German. The certification of the Danish mussel fisheries mean that almost all mussels exported from Denmark are MSC certified (the certification of the Limfjord rope-grown blue mussel fishery in April 2012 resulted in 100% certification of Danish mussel exports). We know that a Swedish pre-assessment of Blue mussels has been completed. Danish Mussel fisheries have received some negative attention from environmental groups and individuals who are against dredging in Natura 2000 areas.

The Danish Fishermen's Association continue to pursue their commitment to have all Danish fisheries certified as sustainable under the MSC program before the end of 2012 (currently at 72%) and the MSC needs to continue working in this field to ensure a meaningful conclusion to this initiative.

Specifically within Sweden, the MSC has held outreach meetings with various Swedish Fisheries Local Action Groups, and given presentations and seminar to other local fishery audiences on the Swedish coast. These activities have included participating in a seminar regarding Lake Vänern and presenting at the Swedish inland fisheries' annual meeting. The MSC has also worked with Swedish research institutes and presented to university students.

The MSC Baltic office has become an observer member of the Baltic Sea Regional Advisory Council (BSRAC) and the South Baltic Sea herring consortium committee. Active outreach has been conducted with all of the nine coastal districts of which five are now engaged in the program through active dialogue and in some cases pre-assessment.

The MSC Baltic Sea manager and Fisheries Outreach Officer attended the ICES Annual Science Conference held in Poland. The aim was to learn and network with credible researchers/scientists around the Baltic Sea area in support of the MSC program.

Finland (Åland) has completed pre-assessments of whitefish, pike-perch and perch, but the report from the CAB is still outstanding and so no discussions on future steps have yet occurred. The MSC's desire to move further eastwards in the Baltic Sea has driven meetings with WWF Poland to scope feasibility of Polish fishery sector involvement in the MSC program, and presenting to the fisheries and producer sector in Estonia and Lithuania.

### **Supply chain engagement**

There are now 1,967 MSC labelled products on sale in the seven countries (excluding Germany) that border the Baltic Sea. Sweden is the largest market with 842 labelled products (a 66% in one year). There are a total of 203 Chain of Custody certificates in the seven countries in the region, with the majority (103) being in Denmark.

The MSC continues to build solid and productive relationships with many of the largest retailers, especially in Denmark and Germany. Coop Sweden, the second largest retailer in the country, hopes to have a product portfolio that is 50% MSC-certified this year, and has plans to launch a further marketing campaign later in the year. In Germany, discounter Lidl reported that they are close to having 100 per cent of their frozen and canned wild caught fish being MSC-labelled. In a sign of the growing cooperation between the MSC, retailers and

fisheries, Lidl want to work with the MSC to develop a project to make one of their tuna suppliers in Ecuador FAD-free. City Gross and Willys both ran MSC-related campaigns independently in November.

In March, the MSC's first Danish commercial meeting was held in Copenhagen and was well attended by retailers and processors, members of the press, and included as a guest the former Danish Minister for Fisheries and Agriculture. Towards the end of 2011, the MSC hosted its first Swedish commercial meeting, which was held at the Swedish Restaurant Academy in Stockholm where participants got to watch eco-chefs prepare MSC certified cod and pike-perch. A commercial group meeting with 100 participants was also held in Berlin, at which the MSC presented the findings of the MRAG environmental benefits report (discussed below).

In March competing Danish retailer groups made a pioneering commitment to achieve a common objective of promoting MSC-certified sustainable seafood. SuperGros, COOP and Dansk Supermarked, Denmark's largest retailer groups collectively covering more than 95 per cent of the Danish market, have entered into partnership with the Danish Fishermen's Producer Organization (DFPO) and the MSC. The aims are to drive preference of MSC labelled seafood, increase the amount of MSC labelled seafood under own retailer brands as well as to encourage key fisheries to engage in the MSC programme. See Communications below for joint marketing aspects to this commitment.

The MSC is increasingly being recognised by the German foodservice sector. Ten student unions in Germany (out of a total of 58) are now MSC certified. Furthermore, the first restaurant chain in Germany other than McDonald's, became certified. Maredo is a steakhouse chain with 57 restaurants in Germany. In November, the second awareness-raising campaign took place in German MSC certified foodservice outlets. Nearly all of the then certified restaurants took part (56 sites). MSC provided them with leaflets, postcards and stickers to inform guests about sustainably caught fish and the MSC programme. The campaign was well received by our foodservice partners.

Compass Denmark, which serves more than 100,000 meals a day in its canteens and restaurants, signed a three year agreement with WWF Denmark to work with them towards shifting to sustainable seafood sourcing, which will include sourcing MSC-certified seafood where possible.

Liseberg in Göteborg, which is Europe's 2nd largest amusement park with three million annual visitors, recently announced its plan to build a Fish and Chips restaurant serving only MSC fish with Chain of Custody support from the MSC. The park aimed to have the restaurant built and CoC certified in time for the opening of the park in April.

In Sweden, the MSC's Fish n' Kids program continues to encourage Local Education Authorities (LEAs) to obtain Chain of Custody certification for the canteens in their schools and to serve MSC-certified seafood, while including MSC educational materials in their curricula. At the end of the reporting period, the Linköping LEA resulting in total CoC certifications for 99 schools and 100 pre-schools, doubling the number of MSC-certified kitchens in Sweden.

In the final three months of the reporting period, the MSC began to see real growth in the numbers of labelled products on sale in Lithuania (+23 products to 32 in total) and Latvia

(+23 products to 28 in total). Much of the growth comes from the decision by the Polish company Lisner Sp. z o.o. to launch 25 new products in the Polish, Lithuanian and Latvian markets.

### **Communication and Marketing**

In Sweden, McDonald's launched the MSC-labelled Filet-o-Fish with LCD screens in all restaurants screening a still film about the MSC and Eastern Baltic cod and had tray liners with the MSC ecolabel and clarifying text. This was a huge communication challenge since McDonalds Sweden has a major presence with nearly half a million (450 000) customers daily. All communications materials including the press event was carried out in coordination with the MSC Baltic office (for Sweden, Denmark, Finland and Poland)

In Denmark, SuperGros, COOP Denmark and Dansk Supermarked entered into a partnership with the MSC to promote sustainable seafood through combined in-store joint-marketing campaigns and a commitment to increase the number of MSC-labelled products under their own brands. The campaign will be the MSC's first with multiple competing retailers, and in addition to significantly raising the MSC's profile to customers in Denmark, hopefully will demonstrate a demonstration model that can be replicated in other countries.

The announcement of the Danish retailers' commitment to the MSC created a vast amount of attention in Danish media. A total of 46 different media reported of the new retailer alliance. Details of media coverage can be made available on request. Art work for the joint campaign has been developed by Saatchi & Saatchi and delivered to the different retailer groups for them to prepare the campaign in their printed internal and external media.

In October, the first joint marketing campaigns took place in Germany, including a campaign with Edeka in the Minden-Hannover region, which stretches from the Netherlands to Poland in Northern Germany. The campaign ran for three weeks in 80 stores with fresh fish counters with the aim of raising awareness of the MSC label and increase sales of MSC certified product. As an add-on, the MSC arranged a lottery for Edeka customers where they could win 100 tickets for Sea Life Centers in Germany.

Also in October, German retailer Kaufland also conducted a joint marketing campaign in 112 stores and included a mechanism for raising funds for the Gambia sole fishery that aims for MSC certification. Kaufland reported that they sold almost 68,000 kilos of MSC certified fish during the campaign and thus raised 34,000 Euros for the Gambia sole fishery. They decided to top up the amount and Kaufland will now donate 50,000 Euros to the Gambia sole fishery. Several Swedish retailers have now expressed interest in this type of campaign model and there appears to be significant scope for replicating this in Baltic markets.

A new Danish micro site [www.msc.org/dk](http://www.msc.org/dk) was launched in January. It is made up of 45 pages with basic information to assist key audiences and has generated 1,720 visits during its first three months. In Sweden, website visits continue to grow. In the first three months of 2012, there were 8,581 visits, which was an increase of 36% on the same three months in 2011. The MSC product search on the German microsite has created great interest and is one of the most frequented sites of [www.msc.org/de](http://www.msc.org/de). MSC staff assisted in developing a German Android application of this product search, which now allows German-speaking consumers to search for certified sustainable seafood with the MSC's official Seafood Finder App. The Product finder search tool was also launched on the Swedish microsite.

The Baltic team attended the launch of Fish and Kids in Linköping (mentioned above). Regional media were invited to the event, which generated 11 cuttings and one radio programme (main radio station).

Lidl Sweden ran a national TV ad in TV4 as well as a radio spot in the two major radio channels in Sweden (RixMegapol and Radio RixFM). Lidl Finland has run several in-store promotions of MSC labelled products and Lidl Denmark will run its first campaign next year.

The MSC's German office held the 2nd stakeholder dialogue with 20 representatives from eNGOs and the scientific arena. The findings of the MRAG study into environmental benefits were presented to participants as well as a study into the state of MSC certified versus non certified stocks and recent policy developments at MSC. The discussions were lively and also critical at times. However, all participants welcomed the opportunity to be briefed in detail and praised the openness of the dialogue.

The MRAG study found that fisheries engaged in the MSC certification program show steady improvement both before and after certification. MSC-certified fisheries show quantifiable environmental changes, such as improved stock status and reduced by-catch, as well as increases in knowledge about ecosystem impacts. The trajectory of improvement can be traced through changes in scores against performance indicators, and it continues beyond certification, as fisheries carry out improvement plans required as part of the certification. With support from a contracted public relations agency, MSC Germany organised a press briefing which three journalists attended to present the results of the MRAG study. More than 130 key journalists were invited by email and more than 20 journalists were followed up by telephone. So far, ten media publications picked up the story, including news agencies, daily regional newspapers and online publications.

In January, the Baltic Sea regional team held a press conference in Stockholm about the MRAG study attended by one of the report's lead authors, who presented the findings of the study. The story was picked up by several newspapers and online channels but most importantly it generated a news bulletin on *Rapport*, which is the main news programme from the Swedish television broadcaster Sveriges Television (SVT) viewed daily by 2,2 million Swedes plus aired in Denmark and Norway. It is aired on the main channel and is the most watched news programme in Sweden.

[http://svtplay.se/v/2692273/miljomarkt fisk ger friska hav](http://svtplay.se/v/2692273/miljomarkt_fisk_ger_friska_hav).

Continued active dialogue with the Swedish Society for Nature Conservation resulted in an official endorsement of the MSC on their webpage and in their Facebook site, which is a significant positive step.

### **Traceability Assurance**

During the reporting period, the results of the second major set of DNA tests were received. The total test results show that of 196 tests run 192 were the species identified on the pack. This shows only 2% mis-labelling which is less than other industry reports. For the four cases which were mis-labelled a traceback exercise was done and certifiers were alerted in order to conduct unannounced audits and take necessary action accordingly.

The MSC added to its repertoire of DNA tests by working with the independent laboratory of TRACE Wildlife Forensics Network (link: <http://www.tracenetwork.org/>) to develop identification tests for: South African hake (*Merluccius capensis* and *Merluccius paradoxus*),

Pacific cod (*Gadus macrocephalus*) and hoki (*genus Macroronus*).

In 2012 the MSC will expand its DNA testing further increasing the sample size and continuing to develop new identification tests. This will include European plaice (*Pleuronectes platessa*) and haddock (*Melanogrammus aeglefinus*). The MSC will also use the regional identifiers for Atlantic cod (*Gadus morhua*) found through the EU FP7 FishPopTrace project (link - <http://fishpoptrace.jrc.ec.europa.eu/>).

At present the MSC is beginning to investigate the applicability of online traceability solutions for the Chain of Custody programme, and as part of this work are currently consulting stakeholders. A survey has been sent to all CoC certificate holders, all ecolabel licensees, companies with marketing agreements, CABs, ASI, and NGOs or other stakeholders that have expressed specific interest in online traceability. The Baltic Sea Regional Manager is participating in an online traceability working group.

## Budget and Financial Report

The project budget  
GBP 692.500

The project has received the following amount for this reporting period  
GBP 620.000

How much of that amount has been received from Baltic Sea 2020 Foundation?  
GBP 430.000

How much has been used in the period of the total amount received?  
GBP 692.500 + (including MSC input)

## Prognosis and Summary

Give a general summary of the project and a brief prognosis for the coming six months. Indicate the obstacles or external factors that have affected the project negatively. If these obstacles may remain and affect the project in the future, state in which way these will be managed. If there are any other recommendations for the implementation of the project state these here.

At the end of year two of the project, all milestones have been successfully achieved.

Overall this has been a highly productive implementation period with continued engagement with our fisheries stakeholders. Sweden and Denmark became MSC's third and fourth fastest growing global markets in terms of number of new products. Thirty-three products were approved in Poland just in the last quarter. Estonia went from one to 12 products and Latvia from 5 to 23 and Lithuania from 9-32. Media cuttings increased by 319% (506% in March only) compared to the same point a year ago. Continued outreach to non-commercial stakeholders lead to increased support and endorsement from previously critical eNGOs in Sweden and Denmark. The Swedish foodservice market remains challenging as it is very fragmented with 293 public sector caterers supplying schools with food.

The suspension of North East Atlantic mackerel fisheries, in addition to the suspension of a Portuguese sardine fishery (which features in the Danish and Finish seafood markets) could

lead to a slowing of the growth of labeled products on sale in all Baltic countries. While an agreement on TAC of mackerel in the North East Atlantic is outside of our control, we are encouraged that all the countries involved with the TAC issue, including Iceland and the Faeroes, continue to move their fisheries into the MSC program and therefore see value in achieving and maintain certification. Despite the poor stock status of Portuguese sardines (which triggered the immediate suspension), the fishery is committed to working to improve the status of the stock and lift the suspension. The case of the Portuguese sardine fishery demonstrates how MSC certification can act as an incentive to introduce corrective measures.

The obstacles for increasing the number of regional fisheries in the programme include the poor stock status of certain fisheries, as appears to be the case with coastal Swedish fisheries, and competition from other eco-labels. For instance, leaders for the National Fisheries Associations have scaled up their efforts to promote their own label “Närfiskat”, while increasing their criticism of the MSC using, among others, the mackerel situation in the North Atlantic and the costs related to the MSC programme. It is critically important we are able to continue promoting the MSC programme as intensively as possible as offering the greatest added value to fisheries because, as the most transparent, independent and scientifically robust certification programme, it is the most in demand by retailers, seafood brands and foodservice companies. The strength of this demand is demonstrated in the strong growth in the number of products in Baltic countries.

If the MSC is to successfully expand eastward in the region, such as in Finland and Poland, where there is growing commercial interest in MSC-labeled seafood and the participation of the national fisheries in pre-assessment, we will need to increase our capacity to service these markets. The MSC is actively seeking out new funding to support an increase in our regional capacity with the aim of bringing on staff, likely on fixed term contracts, with the required language skills.

Date and place: 23 May 2012, London



Signature by authorized signatory

Clarification of signature: Richard Leggatt, MSC Fundraising Director

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