

ATTN: Jean Ragg
Fisheries & Aquaculture Administrator
SAI Global Assurance Services
Jean.ragg@saiglobal.com

23rd March 2017,

Stakeholder Submission RE: Initial Full Assessment Report, Marine Harvest Canada's Sheep Passage farm, by SAI Global Assurances Services (Public comment period 2nd to 23rd March 2017)

Upon review of the draft Aquaculture Stewardship Council (ASC) audit for Marine Harvest Canada's Sheep Passage farm, conducted by SAI Global, the below-noted stakeholders have deep concerns about the robustness of the audit and believe that approving ASC certification of this farm would severely undermine the salmon standard established by the ASC.

We find the draft audit report to be insufficient in evidence to demonstrate the farm successfully met the salmon standard criteria. We submit this is due to SAI Global failing to meet the requirements of the ASC Certification and Accreditation Requirements (CAR).

While SAI Global has recently voiced their dissatisfaction that some of our submission comments are duplicative, we will continue to raise concerns where we respectfully disagree that SAI has successfully resolved them.

Our comments and concerns are provided in detail below. We look forward to hearing how the SAI Global will address these outstanding concerns.

Sincerely,

Kelly Roebuck
Living Oceans Society

John Werring
David Suzuki Foundation

Stan Proboszcz
Watershed Watch Salmon Society

Susanna Fuller
Ecology Action Centre

HEAD OFFICE
Box 320
Sointula, BC V0N 3E0
Tel 250 973 6580

REGIONAL OFFICE
Suite 2000 – 355 Burrard Street
Vancouver, BC V6C 2G8
Tel 604 696 5044 Fax 604 696 5045

www.livingoceans.org

www.livingoceans.org

I. Process Requirements and Audit Timing

a) Exclusion of harvest activities from initial audit

The ASC CAR V1.0 requires that *“The CAB’s initial audit shall include harvesting activities of the principle product to be included for certification.”* (Audit Timing 17.4.2).

There is no justification, as required in the CAR (17.4.6.1/17.4.6.2), provided in the draft audit report for conducting the audit earlier and not witnessing the harvest of the principle product.

Where a justification has been provided in previous ASC audit reports, the rationale has been tied quick ASC market access for the company (example from Monday Rock audit: “to have certified product on the market when they harvest”). However, recent communication received from another Conformity Assessment Body states MHC currently finds no market demand for their ASC products and has taken the decision, at least on one occasion, to not identify ASC certified fish with the logo. Consequently, there appears to be no practical justification for conducting an early audit and not witnessing harvest.

b) Inability to verify the Chain of Custody

17.5.1 of the CAR V1.0 states “The CAB shall determine if the system of tracking, tracing and segregation in the aquaculture operation is sufficient to make sure all aquaculture products identified and sold as certified by the operation originate from the certified unit of certification...”

Without the auditor witnessing the harvest and therefore, the principle product entering the chain of custody, the auditor is unable to verify that the tracking, tracing and segregation is indeed “sufficient”. While the farm may well have a system in place on paper that appears to provide for the necessary elements, the purpose of an on-site audit is to prove that implementation of policies and procedures takes place—that is the essence of the determination of “sufficiency”.

c) Insufficient records and evidence

A number of salmon standard indicators are listed in the audit report as “conforming” despite insufficient records or evidence due to the audit taking place before the harvest. CARv1.0 Audit Timing (17.4) states:

17.4.2.3 Audits should be conducted when all control points and sufficient records/evidence are available

The ASC Certification and Accreditation Requirements (CAR) Version 2.0 has the following stated Process Requirements (17):

17.1 Unit of Certification

17.1.2.1 All clients seeking certification shall have available records of performance data covering the periods of time specified in the standard(s) against which the audit(s) is to be conducted; and

17.4 Audit Timing

17.4.5 Audits shall not be conducted until sufficient records/evidence are available for all applicable standard requirements as the minimum.

With the audit taking place before harvest, the records and evidence for the applicable standard requirements are simply not available.

The full assessment audit failed to meet CARv1.0 17.4.2.3/CARv2.0 17.4.5 requirements, as the data and sufficient records/evidence covering the periods of time specified and required in the salmon standard were not yet available. Specifically, the audit took place before sufficient and complete records/evidence were available to assess:

- 2.1.1 *Redox potential or sulphide levels*
- 2.1.2 *Faunal index score*
- 2.1.3 *Number of macrofaunal taxa*
- 3.4.1 *Maximum number of escapees in the most recent production cycle*
- 3.4.3 *Estimated Unexplained loss*
- 4.2.1 *Fishmeal Forage Fish Dependency Ratio*
- 4.2.2 *Fish Oil Forage Fish Dependency Ratio*
- 5.1.5 *Maximum viral disease-related morality*
- 5.1.6 *Maximum unexplained morality rate*
- 5.2.1 *On farm documentation... chemicals and therapeutants used...*
- 5.2.5 *Maximum farm level cumulative parasiticide treatment index (PTI) score*
- 5.2.7 *Allowance for prophylactic use of antimicrobial treatments*
- 5.2.8 *Allowance for use of antibiotics listed as critically important...WHO*
- 5.2.9 *Number of treatments of antibiotics*
- 5.4.4 *If an OIE-notifiable disease is confirmed...*

With the exceptions of 2.1.1; 2.1.2; 2.1.3; **the indicators above are listed as “conforming” - despite not having available the complete records and evidence required.**

The CAR requires sufficient records and evidence for the initial full assessment audit, requiring a complete production cycle in order to confirm conformance to all applicable salmon standard indicators. An incomplete production cycle equates to incomplete evidence and records.

Insufficient evidence and records remain a concern we have highlighted in other audit reviews. On review, the limited evidence and records that are provided in the audit reports are either based on data

from the current production cycle *at the time of the early audit* or the *previous* production cycle. Therefore, the reports fail to provide a full production cycle of data for the most recent cohort of fish. Listing indicators that require a full production cycle of data as ‘conforming’ - despite approximately four to six months’ worth of production cycle data yet to be completed - allows for the potential for non-conforming product to be certified and enter the market with the ASC logo. The Marsh Bay early audit is a prime example of this potential becoming a reality, where an early audit resulted in missing the unfortunate marine mammal deaths which occurred later in the full production cycle (after the audit). The early audit and certification of Marsh Bay allowed for non-conforming product to enter the market place with the ASC logo. As long as early auditing continues, the potential for non-conformance remains. At the very least, non-conformance should be raised for the indicators for which a full production cycle worth of data is needed. The non-conformance should be closed before certification is granted.

Consequently, we find the CAB failed to meet their obligations under the ASC’s CAR.

d) Insufficient records and evidence; Early audit and sampling for Major NC 2.1.1, 2.1.2, 2.1.3

The report states peak biomass is due to occur in January/February 2017. Benthic sampling is required at peak biomass as per the Salmon Standard. A Major Non-conformity was raised on 9th December, 2016 for Indicators 2.1.1; 2.1.2 and 2.1.3 as the early audit made it impossible for peak biomass sampling to have occurred, let alone provide the results for sufficient records and evidence of compliance (as per CARv1.0 17.4.2.3/CARv2.0 17.4.5).

The draft report appears to indicate MHC anticipated sampling at peak biomass in January, though it also states closing the Major NC within three months (by 9th March 2017) would be challenging. A variance request was submitted to ASC (VR214) requesting an additional three months to close the conformity. The audit report states the VR was denied, however the ASC variance webpage still lists it as “to be concluded”. If the VR was indeed denied, then the audit report does not indicate whether the Major NC was successfully closed. Nor are any sampling results or metrics provided as audit evidence, as required to demonstrate compliance with the indicators.

In addition, indicator 2.1.1 references peak biomass sampling from September 2015. However, this is impossible given the farm was “Harvested out 22nd June 2015. Stocked April 25th 2016”(Indicator 3.1.1). At September 2015, the farm would have been fallow, not at peak biomass. DFO public reporting shows peak biomass sampling occurred 31st March 2015 and results were above licence conditions thresholds; >4500 µM at the 30 metre stations sampled¹. This evidence was not provided in the draft audit report. The breach of sulphide levels in the last production cycle provides additional reason for the auditor to provide the sampling results and metrics to demonstrate the closure of the Major NC and as evidence of compliance with the benthic salmon standard indicators 2.1.1; 2.1.2 and 2.1.3.

¹ <http://www.pac.dfo-mpo.gc.ca/aquaculture/reporting-rapports/docs/benth/2011-2015-eng.html>

e) Unit of Certification: Intermediary farm

The CARv1.0 Annex A – *The ASC Vocabulary* states the following definition for the term ‘Unit of Certification’:

“The aquaculture operation that is covered by a certificate. It includes the receiving water body and all production operations up to the point where the product enters the chain of custody.”

Additionally, the updated CARv2.0 Annex A – *The ASC Vocabulary* states the following definition for the term ‘Unit of Certification’:

“The operation that is covered by a certificate. It includes all production and processing sites including the receiving water bodies, any harvest sites such as production ponds, and all storage or processing operations (including subcontracted operations) up to the point where the product enters further chain of custody.”

As a production site and a stage of the production operations that occurs before the product enters the chain of custody, intermediary stages meet both CAR ‘unit of certification’ definitions.

The draft ASC audit report notes Jackson Pass and Lochalash as the intermediary farms for Sheep Passage. Therefore, it would be expected that the salmon standard criteria must be applied to this part of the production cycle. For example, see Indicator 2.5.6 below.

We note fish from the intermediary farm Jackson Pass, were only recently transferred to Sheep Passage in December 2016. With peak biomass expected in January/February 2017, it is particularly alarming that fish having spent only one or two months within a grow-out farm could be ASC certified with no consideration given to their full production cycle impacts and compliance with the salmon standard criteria.

When applicable salmon standard criteria are not correctly applied to all production sites as per the Unit of Certification CAR definition, non-compliance is likely to be missed or omitted. Therefore, all production operations and sites in the unit of certification should be included to ensure compliance with the ASC salmon standard indicators and integrity of the chain of custody.

II. Salmon Standard Requirements

a) Indicator 2.2.3 For Jurisdictions that have national or regional coastal water targets...; and Indicator 2.2.4 Evidence of weekly monitoring...

Unlike the Phillips Arm and Chancellor Channel draft audits, the Sheep Passage draft report does not cite and seek to apply variance 198 to Indicator 2.2.3. In VR 198, SAI Global state,

“Chile and **Canada** are amongst the salmon production regions which **do not have such a national classification and therefore they are bound by indicator 2.2.4.**”

As acknowledged by the variance request, with no national water classification, Canadian farms are required to comply with Indicator 2.2.4. The Canadian Council of Ministers of the Environment (CCME) 2012 guidelines for water quality referenced here do not meet the definition of “national or regional water quality targets”. The ASC standard identifies nitrate, phosphorus and chlorophyll A (footnote 16) as the related nutrients for water quality targets. CCME guidelines only measure nitrate and cannot be used as evidence of “national water classification”.

Further, the reference here to the 2016 literature review by Dr. Cross fails to provide evidence that any of the literature reviewed was recent or relevant to local water quality. We have seen in past audits attempts to rely on water quality findings in literature that were based on wholly insufficient evidence to draw the specific conclusions about water quality intended by this indicator. This audit report fails even to identify the date of the purportedly “updated” water quality classification. If the auditor intended the reader to infer that Dr. Cross’ literature review constituted an ‘updated water quality classification’, then at least some attempt to describe and date the literature reviewed is required.

Therefore, we submit that the audit report fails to identify a national water classification that would enable the application of Indicator 2.2.3. The farm ought to be required to demonstrate compliance with Indicator 2.2.4; or an application should be made to apply the provisions of Variance 198 to this audit.

It is not apparent from the facts recorded in the audit report that the frequency of water quality monitoring was adequate even to meet with the relaxed criterion of Variance 198. There is no protocol for monitoring described; and the results are apparently not available. It is accordingly impossible for Indicator 2.2.3 to be evaluated as “Compliant” as the auditor has done; and incorrect to evaluate Indicator 2.2.4 as “Not Applicable”.

b) Indicator 2.5.6 Maximum number of lethal incidents on the farm over the prior two years.

Requirement: <9 lethal incidents, with no more than two of the incidents being marine mammals.

The draft audit report states no lethal incidents have occurred over the last two-year period. The draft audit report fails to mention:

- 1) The 23 Pacific herring (*Clupea pallasii*) and 1 Dungeness crab (*Cancer magister*) reported by MHC to Fisheries and Oceans Canada as “incidental catch” on 21st January, 2016 at Jackson Pass²; and
- 2) The 329 Pacific herring (*Clupea pallasii*) reported by MHC to Fisheries and Oceans Canada as “incidental catch” in 2015 at Lochalash³;

² <http://open.canada.ca/data/en/dataset/0bf04c4e-d2b0-4188-9053-08dc4a7a2b03>

³ <http://www.pac.dfo-mpo.gc.ca/od-ds/aquaculture/incidental-accidentel-2011-2015-rpt-pac-dfo-mpo-aquaculture-eng.csv>

The ASC Salmon Standard Audit Manual states the following instructions:

"Instruction to Clients and CABs on Indicators 2.5.5, 2.5.6, and 2.5.7 - Clarification about the ASC Definition of "Lethal Incident"

The ASC Salmon Standard has defined "Lethal incident" to include all lethal actions as well as entanglements or other accidental mortalities of non-salmonids [footnote 35]. For the purpose of assisting farms and auditors with understanding how to evaluate compliance with Indicators 2.5.5, 2.5.6, and 2.5.7, ASC has clarified this definition further:

Total number of lethal incidents = sum of all non-salmonid deaths arising from all lethal actions taken by the farm during a given time period

There should be a 1:1 relationship between the number of animal deaths and the number of lethal incidents reported by the farm. For example, if a farm has taken one (1) lethal action in past last two years and that single lethal action resulted in killing three (3) birds, it is considered three (3) lethal incidents within a two year period.

The term "non-salmonid" was intended to cover any predatory animals which are likely to try to feed upon farmed salmon. In practice these animals will usually be seals or birds."

The Pacific herring and Dungeness crab are non-salmonids. According to Fisheries and Oceans Canada "wild fish are identified as "incidental catch" if they are caught and killed along with farmed fish".⁴ This was accordingly a "lethal incident", bringing the farm's total number lethal incidents to 352 and violating the requirement of <9 as per Indicator 2.5.6. This should disqualify the farm from certification.

c) Indicator 5.4.1 Evidence that all salmon on the site are a single-year class

Audit evidence for 5.4.1 lists the intermediary farms and states all fish are 2016-year class. The salmon standard indicator requires "...no gaps in smolt inputs > 6 months" and that all fish are single-year class. Fish were transferred to Sheep Passage from Lochalsh in April 2016 and from Jackson Pass in December 2016. This results in a gap of 8 months between inputs. Therefore, a non-conformance ought to be raised.

d) Indicator 8.4 Maximum total amount of phosphorus released into the environment per metric ton (mt) of fish produced over a 12-month period (see Appendix VIII-1)

A Minor non-conformance was raised for Indicator 8.4 due to a questionable phosphorus result using the required calculation (as per Appendix VIII-1). The corrective action proposed by MHC in the NC report states, "Variance request to be submitted to ASC to calculate phosphorus based on effluent levels, which are monitored more regularly and will result in a more accurate calculation". The NC was

⁴ <http://www.pac.dfo-mpo.gc.ca/aquaculture/reporting-rapports/incidental-accidentel-eng.html>

'closed' on 21st December, 2016. However, on review of the audit report and the ASC variance request webpage - no relevant variance request could be found. Therefore, we are unable to identify how the NC was appropriately closed. We also find it inappropriate for the CAB to allow MHC to deviate from the salmon standard sampling requirements (i.e. Appendix VIII-1) in the absence of an approved variance from the ASC.