



MARINE STEWARDSHIP COUNCIL

(A company limited by guarantee)

TRUSTEES' REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

Registered Charity No: 1066806
Registered Company: 3322023

Registered Office: Marine House
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TRUSTEES' REPORT AND STRATEGIC REPORT

The Trustees of The Marine Stewardship Council (MSC) present their Annual Report for the year ended 31 March 2021 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

INTRODUCTION

The (MSC) is a company limited by guarantee (Company number 3322023) and is registered as a charity with the Charity Commission (number 1066806). The Charity is constituted through a Memorandum and Articles of Association dated 17 February 1997, as amended.

The overall objectives of the MSC as set out in the Memorandum are "to conserve the marine and freshwater environments for the benefit of the public and to advance public education in the principles and practices of conservation, particularly, but not exclusively by:

- conserving marine and freshwater fish populations and the environment on which they depend
- promoting, for the public benefit, effective management of fisheries and ensuring the sustainability of global fish stocks and the health of aquatic ecosystems generally
- establishing and promoting the application of a broad set of principles, standards and criteria for sustainable fishing".

The MSC's mission is to use its fishery certification program and eco-label to contribute to the health of the world's oceans by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with a range of partners to transform the seafood market to a sustainable basis.

The Trustees have prepared this report in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) – effective 1st January 2015.

THE TRUSTEES' MANAGEMENT AND STRUCTURE

The MSC is governed by a Board of up to fifteen Trustees, elected by the Board, taking into account a balance amongst interested groups: fishing companies, processors and retailers, NGOs and marine (fisheries) scientists, and the need for suitable geographical representation (MSC is a global organisation). Two seats each are set aside for representatives of the fishing industry (harvesting and processing), commercial sector, and the conservation sector, as well as two seats for marine scientists. The remaining seven seats are not allocated to specific interest groups. The Articles of Association provide for ex officio positions on the Board for each of the co-chairs of the Stakeholder Advisory Council, the chair of the Technical Advisory Board, and the chair of the MSCI (see below for descriptions of these bodies). A Board Code of Conduct and Conflict and Declaration of Interest Policy is in place.

The Board receives advice from two advisory bodies that are an integral part of the MSC's governance structure. The Technical Advisory Board is made up of scientists and technical

experts and provides the Board with advice on setting, reviewing and implementing the organisation's standards for sustainable fisheries and chain of custody and related issues. The Stakeholder Advisory Council comprises up to 17 members including representatives from the seafood industry, conservation community, market sector and academia. It provides advice to the Board and input into the MSC's review processes, ensuring these are representative of a wide range of views and opinions.

Many Trustees are involved in the specialist aspects of the MSC's program and work. The Board delegates some of its work to standing committees and ad hoc work groups. The Finance Committee examines periodic management accounts and recommends the budget to the Board; it also reviews the MSC's investments and certain fundraising activities. The Development Committee's focus is to help shape fundraising strategy and identify fundraising opportunities. A Governance Committee has been established to provide advice to the MSC Board regarding governance arrangements for the Board of Trustees, Technical Advisory Board and Stakeholder Advisory Council and MSC's subsidiary companies.

The range of these committees provides for robust governance and is vital to the complex and sensitive work of the organisation.

The Board seeks new Trustees through a transparent external recruitment process as vacancies arise, through open, public advertisement and formal interview of shortlisted candidates. The Governance Committee of the Board scrutinises the applications (i.e. CV and covering letter) and the outcomes of the candidates' interviews, before making a recommendation to the full Board.

Upon appointment, Trustees receive a Trustees' Induction pack, including documents such as the latest published financial statements, the Articles and Memorandum of Association, an explanation of Trustees' roles and responsibilities, the Charity Commission's guidance on public benefit and fiduciary duty etc. The Board of Trustees also adopted a Code of Conduct for all members of the Board and of other governance bodies in 2017.

MSC wholly owns a subsidiary company, Marine Stewardship Council International Limited (MSCI), which carries out its trading activities, most notably those related to logo licensing. MSC wholly owns a further three subsidiaries (MSC Ltd, MSC Asia Ltd, MSC Asia Pacific Pty) the activities of which help fulfil MSC's charitable mission in the America, South East Asia and Australia, New Zealand and the wider Pacific. MSCI also has a Chinese registered subsidiary, An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (known as MSC China), the activities of which help fulfil MSC's charitable mission in China.

The day to day operational management of the MSC is delegated by the Board to the Chief Executive Officer (CEO) and the senior executive team (collectively comprising the Executive Committee). The key management team is considered to be the Executive Committee which consists of the CEO, Chief Science & Standards Officer, Chief Operating Officer, Chief Program Officer, and Chief Communications Officer.

The remuneration of the CEO is set jointly by the Chair of the Board and the Chair of the Finance Committee, referencing appropriate market data. The remuneration of the rest of the Executive Committee is set by the CEO in consultation with the Board Executive Committee, based upon independent market data provided by a third-party consultancy.

THE CHARITY CODE OF GOVERNANCE

The MSC takes its governance responsibilities seriously and, as an international charity, aims to have a governance framework that is fit for purpose, compliant and efficient. In 2017

the new Charity Code of Governance was launched, with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. In our review, MSC carried out a detailed examination of each element of the code:

- Organisational purpose
- Leadership
- Integrity
- Decision making, risk and control
- Board effectiveness
- Equality, Diversity and Inclusion
- Openness and accountability

This review found that MSC applies the code in all material aspects. However, the Board is currently giving focused attention to the following areas:

MSC is commissioning an external review of the Board's governance arrangements in later 2021, following a comprehensive review in 2012; it has undertaken internal biennial effectiveness reviews in the intervening period, as well as external reviews of other parts of MSC's governance structure.

The principles of equality, diversity and inclusion are embedded within the MSC and its work, through the leadership of the Board. The Trustees particularly recognise the importance and value of a diverse Board, taking account of this in their Board succession planning and recruitment processes. The Board is currently evolving its approach to diversity in the context of its composition and operations; it will take account of the newly-added elements of the Code in this area within its planned governance review.

OBJECTIVES AND ACTIVITIES

PUBLIC BENEFIT

The MSC is an international organisation which partners with the environmental, science and funder communities and the seafood industry to pursue an overall charitable purpose of the advancement of environmental improvement, using its fishery certification and eco-labelling program. It does so by recognising and rewarding sustainable fishing practices, influencing the choices people make when buying seafood and working with partners to help to transform the seafood market to a sustainable basis. The MSC believes its work delivers positive environmental impacts for the marine environment, which in turn provides a significant benefit to the public and to the local communities that depend on fishing.

The application of the MSC's certification program and eco-label empowers seafood buyers, both major retailer buyers and individual consumers, to make better and more informed choices when buying seafood. The effect is one that rewards in the marketplace those fisheries that follow responsible practices. In turn, this creates the incentives for fisheries around the world to meet the MSC's standard for environmentally responsible and sustainable fishing. In doing so they will have to demonstrate to third party certifiers that they are operating in a way that helps to ensure the long-term sustainability of the fish stocks they are targeting, and that they respect the ecosystems in which they operate. As the reach of the MSC's program expands globally, the public will, increasingly, be able to identify the best environmental choice in seafood and will be more empowered to play their role in creating a sustainable marine environment. With the marine environment under considerable threat,

particularly in the face of climate change, all those that value and derive benefit from the oceans and marine resources stand to benefit from the work of the MSC.

Community groups and other sub-sets of the public that are dependent on the long-term resilience of fisheries and the resulting creation of sustainable livelihoods, in particular, stand to benefit from the realisation of the MSC's aims through increased economic development, food security and resilience in the face of climate change.

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission of England and Wales. The Trustees further confirm that the activities of the Charity are carried out, in line with its objects, for the public benefit as described above.

STRATEGIC REPORT

ACHIEVEMENT AND PERFORMANCE

To view the expenditure for charitable activities during the current year, please refer to Note 5 of the accounts. The charitable activities are grouped together under four activity headings – development of policy and the maintenance of the standards, education and raising awareness of the issue of over fishing and MSC's role as one of the potential solutions, servicing fisheries and commercial partners that are already engaged in the program as well as outreach to potential new partners in Developing Regions and beyond, and logo licensing, which allows consumers to choose seafood caught sustainably and so incentivise sustainability across the supply chain.

The past year has been one of enormous challenge as the world has faced the COVID-19 pandemic. The pandemic has affected every aspect of the seafood industry in all parts of the globe. However, this has not resulted in any disengagement from the MSC – rather, fisheries, supply chain companies, retailers and consumers have maintained their commitment to sustainability and their engagement with the MSC program, as outlined below.

MSC itself has adapted to the exceptional circumstances and over the past year has issued a number of temporary changes to its requirements, known as derogations. These enabled us to respond to the critical challenges posed by COVID-19 without having to revise our Standards or guidance documents. These derogations have permitted greater use of remote and desk-based audits, and although the same level of performance is needed, fisheries have also been given more time to carry out the required improvements associated with MSC certification. Encouragingly, there was no significant drop in the number of assessments carried out in 2020 compared to previous years, although the time for surveillance audits to be completed increased by a month on average.

The MSC has also put particular emphasis in the past year on maintaining our strong outreach with retailers and consumers and increasing our engagement governments and non-government organisations around key areas for change. The MSC's certification program and eco-label have continued to make it easier for major seafood buyers and consumers to choose certified sustainable seafood, providing both a reward and an incentive for fishers to fish sustainably—our theory of change. With our many partners, the MSC continues to pursue the goal of healthy oceans and sustainable seafood markets globally.

Over the last financial year, and despite the pandemic, the number of certified fisheries rose by over 5% from 419 to 441 and the total number of fisheries engaged in the program rose

to 510 (i.e. an additional 69 were in full assessment). A growing global market for MSC-certified seafood is demonstrably rewarding environmentally responsible fisheries and providing incentives for more to join the programme and make changes in their practices where necessary. At the end of the year almost 50,000 (49,580) MSC labelled products (consumer facing) were on sale in over 100 countries.

Other relevant indicators of the MSC's impact and growth include:

- Over 17.4% of global wild caught seafood now comes from fisheries certified under the MSC Fisheries Standard: global collaboration has doubled sustainable MSC catch and more than tripled chain of custody commitment since 2010.
- Our presence in Developing Regions continues to see strong growth: There are now 64 MSC certified fisheries in Developing Regions (up from 53, in 2019/20 and 41 in 2018/19 and 35 in 2017/18), with a further 18 in assessment.
- The quantity of sold MSC labelled seafood (by product weight), has globally increased to over 1.47 million MT, well above the ISP goal of 981,788 MT by 2020 and representing an increase of 98% over the baseline of 744,920MT in 2016/17.
- Globally, stocks targeted by MSC certified fisheries continue to show sustainable levels of stock biomass and in many regions, stocks show higher biomass after MSC certification occurred.
- And in the supply chain, DNA testing results continue to show levels of mislabelling of <1% for MSC certified products.

Chain of Custody Standard

The MSC Chain of Custody (CoC) program grew significantly in 2020/21, with the number of certificate holders rising to 5,437, up from 5,170 in 2019/20 and 4,729 in 2018/19 (and note that the baseline in 2010 was only 1,099 in 2010). China overtook the United States in 2019/20 for the first time and now has the most certificate holders and this continued despite the COVID-19 pandemic in 2020/21, with the US still in second place and Germany in third. The majority of certificates are still held in Europe, but with notable growth in Asia Pacific, as is the case with China and also with Japan, Korea and Vietnam.

The MSC's current CoC Standard is widely considered best in class, and our vision is to ensure that the MSC's CoC system has improved accessibility and efficiency of engagement for all levels of the supply chain which continues to ensure that key risks such as product substitution are controlled, monitored and minimised.

Fishery Standard

As of March 31, 2021, 441 fisheries in 36 countries had been certified as sustainable to the MSC Fisheries Standard, demonstrating their commitment to healthy ecosystems and the long-term sustainability of fish stocks. Another 69 fisheries were in assessment. In addition, hundreds of fisheries around the world are engaged in Fishery Improvement Projects (FIPs). Many of these FIPs will use the MSC's benchmarking tools and other resources to guide their journey towards sustainability. In addition, MSC's own Pathways to Sustainability projects are helping move fisheries along the path towards greater sustainability and ultimately, where possible, certification as part of our commitment to work with small scale and/or Global South fisheries (see below).

The first iteration of the MSC Fisheries Standard, then called the MSC Principles and Criteria, was published in 1999. Since then, it has been continually developed and improved to reflect the most up-to-date understanding of internationally accepted fisheries science and best practice management, informed through consultation with stakeholders around the globe.

Every five years the MSC initiates a Fisheries Standard Review (FSR). The FSR is an opportunity to consider potential improvements to the Fisheries Standard by reviewing issues raised by stakeholders and by our own monitoring and evaluation processes, and where appropriate, to incorporate widely accepted new science or fisheries management best practice. The latest review started in 2018 and will run until 2022.

The FSR has worked to:

- incorporate improved and generally accepted global scientific understanding and fishery management practice into the Fisheries Standard
- enhance program credibility and legitimacy by reviewing issues identified in previous versions of the Standard or fisheries assessment process
- improve fisheries data collection to enable rigorous monitoring and evaluation
- increase standard applicability and accessibility for fisheries Developing Regions
- reduce Standard complexity to reduce barriers for new fisheries.

In the past year, the FSR project reached its stakeholder consultation phase. The pandemic resulted in us undertaking more online engagement than previously planned – with encouraging results. In developing our last Fisheries Standard in 2015, we received 67 responses from 36 organisations. This time, our five initial surveys received 268 responses. We also ran 11 virtual workshops with over 200 participants representing over 150 organisations from 33 countries, and in May 2020 we launched our first virtual Fisheries Standard Review conference, attended by over 400 people. The MSC will continue the consultation process over the coming months and will be carrying out impact assessments of all the proposed changes. The draft version of the new Standard will be released in early 2022, with the Board considering the final version for approval in mid-2022.

Focus on Developing Regions and Small-Scale Fisheries

A major focus of the MSC in recent years has been on increasing our engagement with fisheries in Developing Regions, many of them small-scale. These fisheries often have significant challenges around engagement with our programme but are key to meeting our ambitious goal of seeing 30% of the world's fisheries in certification or assessment by 2030. There are currently, as noted above, a total of 71 fisheries certified or in full assessment in developing economies in Africa, Latin America and Southeast Asia. Fisheries in Developing Regions are often vital to local food security, livelihoods and economic development, so it is especially critical that they are managed sustainably. This is all the more urgent given the issues of climate change that these fisheries, especially tropical fisheries, will face as fish stocks move from their traditional geographies.

The MSC has also had significant success working with small-scale fisheries, both in Developing Regions, including western Africa and Indonesia, and in the past year in the Mediterranean, thanks to our successful Pathways to Sustainability projects. These projects seek to map the fishery space in targeted geographical regions in order to understand what is being caught, where and by whom, identify fisheries with the potential to move forward towards improvements, and then work with them to develop action plans that will lead to sustainability and eventual MSC certification. In 2020/21, we had Pathways projects in

Namibia (the Benguela Current Project), Indonesia, Mexico and South Africa (the Fish for Good project), in Western Africa in Senegal, Mauritania, the Ivory Coast and Cape Verde, and in the Mediterranean in France, Italy, Spain and Greece (Project MedFish/MedPath) and in the East Asia Sea (South Korea, Japan, and China).

As part of this effort, we are also working to enable financing for fisheries improvement actions identified in the action plans that come out of Pathway Projects. Often traditional lenders are unwilling to provide financing for sustainability improvements. Thus, the MSC has launched its own Ocean Stewardship Fund (OSF) that uses a percentage of MSC's own logo licensing royalties to help fisheries in transition to MSC certification. Going forward, MSC will work to open the OSF to third party donors and broaden the scope of its funding mandate as part of our ambitious efforts to scale our work in Developing Regions.

Finally, we are working to pioneer new approaches to understand and help mitigate the effects of climate change on fisheries, as well as lower the cost of certification by developing tools such as our Data-Limited Methods (DLM) project for data poor fisheries. We are now almost finished with a process for determining and applying the most appropriate assessment and management methods for data- and capacity-limited fisheries that maximises yield and provides a high probability of achieving the sustainability levels required for certification to the MSC standard. Already, the MSC-DLM tool has received significant attention from external organisations interested in using it (e.g., UN FAO, Department of Fisheries and Oceans (DFO), Canada), showing that it is filling a key gap in management strategy development and evaluation and hopefully allowing many more small-scale fisheries to engage with us.

CHARITABLE FUNDRAISING

The MSC employs a professional fundraising staff of three full time employees who are tasked with delivering MSC's fundraising plan as articulated by the Board and senior management; the MSC is registered with the UK Fundraising Regulator and voluntarily observes the UK Charity Commission's Code of best practices. This includes complying with any relevant statutory accounting and reporting requirements on fundraising. Fundraising staff at the MSC are overseen and monitored by both senior management and the Development Committee of the Board of Trustees. The MSC does not employ outside fundraising consultants or similar commercial services, nor did the MSC receive any complaints around fundraising, or the staff engaged in fundraising in 2020/21.

The MSC undertook no active fundraising from the general public requiring disclosure under S162A of the Charities Act 2011 in the past financial year (2020/2021) and had no campaigns or other active attempts to fundraise from the general public. The majority of MSC's charitable income continues to come from institutional sources (foundations/trusts and government bodies) that are not domiciled in the United Kingdom (see below). While the MSC does not in the main fundraise from individuals, the organisation is in full compliance with the General Data Protection Regulation (GDPR) rules in respect of personal data.

Support from Funders

The MSC would especially like to thank our many charitable donors across the globe for the significant support they have given us since our founding. 2020/21 was no exception in the continuation of this valued support, as the MSC received significant new and generous support from the Mava Foundation for our work both in the Mediterranean, western Africa and around enable financing for fishery improvements. In addition, the David and Lucille

Packard Foundation supported us with both a generous core grant, support for our work in Japan, and support to our Pathway Project in the East Asia Sea. We would also like to thank the Walton Family Foundation for supporting work around our FSR and in Indonesia, Latin America, and the United States. In addition, the MSC continues to receive generous core support from the Dutch Postcode Lottery, the Remmer Family Foundation, Triad Foundation, and Holzer Family Foundation, as well as continued support from the Adessium Foundation and Leventis Foundations for our work in the Mediterranean.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR.

Total group income in 2020/21 was £30.1 million compared to £29.50 million in the previous year, an 2% increase. Income from charitable activities (that is, largely logo licensing royalty and annual fee revenue) amounted to 85% of total income (2019/20 80%).

Income from donations and legacies was £3.46 million in 2020/21, down 21% from the £4.40 million received in 2019/20. Note 2 to the accounts shows a further breakdown of voluntary income.

Income from charitable activities, consisting largely of royalty income and annual fees, increased overall by 8% from £23.73 million in 2019/20 to £25.62 million in 2020/21. Annual fees increased by 5% to £1.97 million (2019/20 £1.88 million). Volume royalty increased by 9% to £23.65 million (2019/20 £21.70 million), driven by increase in royalty generated from labelled sales of cod (Atlantic), tuna (Skipjack and Yellowfin), salmon and pollock.

Income from investments of £0.42 million declined compared to the previous year (2019/20 £0.50 million) as dividends paid by the market fell because of COVID-19. The net gains on the investment portfolio (that is, the increase in market valuation of the investments at the year-end) amounting to £3.21 million (2019/20 loss £1.72 million) are excluded from investment income and are disclosed separately on the Statement of Financial Activities as "Gains / (Losses) on fixed asset investments". These gains reflect the "bounce back" of the market following the large fall in valuation during March 20 upon the commencement of the COVID-19 pandemic.

Expenditure totalled £27.24 million in 2020/21, up just 1% from £26.91 million in 2019/20. The global lockdowns in place as a response to COVID-19 severely restricted expenditure on travel, meetings and events and some other planned activities than could not be delivered virtually. Staff costs, on the other hand, were unaffected by COVID-19 since no employees were furloughed or made redundant due to the pandemic.

Staff costs increased by 11% to £14.59 million from £13.13 million. The average number of employees in the year increased to 277 in 2020/21 (2019/20 230).

Expenditure on raising funds for the MSC's fundraising activities decreased by 27% to £0.45 million (2019/20 £0.62 million).

Note 5 to these accounts provides a breakdown of costs incurred in furtherance of the Charity's objectives and shows a year-on-year increase in spend on the MSC's charitable activities of 2% to £26.75 million (2019/20 £26.30 million). Expenditure classified as policy and maintenance of standards was stable at £5.44 million. Expenditure on education and awareness decreased by 7% to £8.64 million. Expenditure on servicing and outreach to fisheries and the commercial sector increased by 7% to £10.09 million. Logo licensing expenditure increased by 30% to £1.87 million, impacted by foreign exchange losses as sterling weakened against major currencies through the year. The Ocean Stewardship Fund (OSF) expenditure increased by 12% to £0.74 million.

Governance costs decreased by 12% to £0.32 million. These costs include the audit fee, the cost of holding Board meetings as well as other Board relevant costs and an allocation of relevant staff salary costs. Governance costs are only 1.05% of total MSC income, welcomingly low for an organisation which is very complex and has a truly global reach.

Losses upon revaluation of foreign assets amounted to £0.74 million (2019/20 loss £0.06 million). This gain or loss arises from the revaluation of the net assets held by the MSC's overseas subsidiaries and foreign currency denominated investments.

The MSC ended the year in a sound financial position.

The overall surplus for the year of £5.94 million increased total reserves going forward to £38.8 million. £2.58 million of this carry forward reserve are restricted funds, £1.62 million are funds designated to OSF activities and £34.6 million unrestricted. The surplus in the year on unrestricted reserves was £5.5 million, a surplus driven by the gain on investments (£3.2 million) and underspends arising from Covid 19 lockdown.

Cash balances (including cash investments of £2.97m) totalled £9 million (2019/20 £6.84 million).

RISK MANAGEMENT

The Trustees address from time to time the risks that face the Company and adopt responses to minimise the risks identified.

The major risks identified are:

- Global biological change (climate change) undermines the productivity and resilience of marine ecosystems, and the enabling environment for fisheries to be managed sustainably, increasing the risk of fisheries' suspension from the MSC program. This can be partially mitigated by ensuring the Fisheries Standard evolves to reflect global climate change.
- Vulnerability of the MSC's program to external events beyond its control (such as a failure of Regional Fisheries Management Organisations (RFMOs) to reach agreement on harvest control rules leading to fishery suspensions and withdrawals) reducing MSC's ability to drive change on the water. This can be partially mitigated by the maintenance of a "heatmap" to give early anticipation and identification of fishery suspension risk, the implementation of an RFMO strategy and continued outreach effort.
- Global political change and increased nationalism / trade wars presents limitations to the ability of the MSC program to scale. This can be partially mitigated by engagement with governments (EU / US / Asia) more systematically.

The Trustees review the risks regularly, and they believe that there are adequate systems in place to minimise them.

The impact of Brexit continues to be a risk, with ongoing uncertainty over the changing distribution patterns of raw material inputs into UK and European supply chains. A global perspective of the MSC highlights that much larger volumes of MSC certified fish supplies come from outside Brexit effected geographies, thus mitigating the potential downside impact of Brexit on MSC royalty income. The conclusion is that Brexit is unlikely to become an existential crisis.

MSC has been lucky so far to have travelled through the COVID-19 pandemic materially unaffected in terms of incoming resources: royalty income was robust and charitable donors were supportive in terms of any delays in project outputs arising because of the global lockdown. Certain activities, specifically those that required travel, have had to be postponed where it was impossible to complete them virtually, while the shift towards digital marketing was accelerated. More generally, the organisation moved to adapt to remote working quickly and successfully.

RESERVES POLICY

The Trustees believe that it is generally good practice to hold reserves to protect against funding and other financial difficulties.

The MSC raises the majority of its voluntary income from a relatively small number of supportive trusts and foundations and consequently the financial impact should a donor decide to phase out its support would be material. The MSC is striving to diversify its charitable donor base. As a result, more speculative income and more restricted income may be included in the MSC's budgets. Holding reserves ensures confidence that such target income can be given time to be nurtured without detrimentally affecting the MSC's operations.

Certified fish entering the supply chain is the fuel that facilitates the generation of ecolabel royalty income for the MSC, via its trading subsidiary MSCI. While royalty income is therefore diversified across many certified fisheries, MSC certification can be lost or withdrawn. Similarly, royalty income is dependent upon the use of the MSC's ecolabel on a pack, which is an entirely voluntary decision made by the brand owner, not the MSC. Should royalty income unexpectedly decline, it may be necessary to realign expenditure to income. Reserves are therefore held to allow time for this realignment to take place and to cover the costs of such a fundamental restructuring in the event of a major downturn.

The reserves also cover the exchange rate risk implicit in the MSC's income and expenditure patterns, as well as the risk of losses arising from liquidating fund investments that form a major part of the MSC's unrestricted reserves, in the unlikely circumstance that these investments are needed to fund day to day operational expenditure. Finally, the MSC's short term cash flow requirements (i.e., its "working capital") are also covered by reserves.

The Board has quantified the makeup of reserves against each of the above-named risks and concluded, in total, the unrestricted "free" reserve should be set between a minimum of 9 months and a maximum of 12 months of the following year's budgeted expenditure.

Should the maximum reserves ceiling be habitually exceeded (defined as being two continuous years in succession), the Board will consider strategically whether the MSC's capacity to generate royalty revenue remains appropriate and in line with its current and predicted expenditure requirements, or whether the success of the MSC licensing program has resulted in royalty income being generated at rates in excess of the organisation's ability to spend it over the longer term.

Alongside any such strategic consideration, within a financial year that any breach in the maximum reserves ceiling is identified, the Board will give consideration to investing all the surplus free reserves, or an appropriate proportion, in the following areas:

- a) Ocean Stewardship Fund: Transition assistance strand – with the objective of enabling prospect fishery partners to overcome generic obstacles to achieve certification.

- b) Ocean Stewardship Fund: Science & Research strand with the objective of commissioning additional scientific research that would benefit multiple fisheries which could enable existing certified fisheries to maintain their certifications.
- c) Marketing – magnifying the impact of already planned marketing activities.
- d) Any capital project which the Board deems appropriate for the furtherance of the MSC's mission and charitable objects.

This reserves policy was adopted by the Board of Trustees in June 2019 and its appropriateness is continually monitored.

The MSC ended the year with unrestricted reserves of £34.59 million (see note 20). Once intangible assets and tangible fixed assets of £4.85 million (see notes 10 and 11) and designated funds amounting to £1.62 million are excluded, free reserves amounted to £28.12 million (2019/20 £24.53 million). This equates to 11.5 months the Board approved unrestricted expenditure budget for 2021/22 (£29.37 million).

INVESTMENT POLICY

The general objective of holding investments is so the MSC's reserves generate a return that would be greater than the return that could be obtained if the reserves were held as interest bearing cash deposits.

Fixed asset investments are held in investment funds managed by Northern Trust and UBS. The intention is for these investments to be held long term, within a balanced and diversified portfolio, and that the MSC will not need to liquidate the investment in the foreseeable future. Both investment managers have delegated authority to make investment decisions, within a framework of pre-defined portfolio parameters, in response to market movements.

The Northern Trust portfolio covers equities, fixed income securities, real estate, and commodities. The equity element (the majority of the investment) is invested in Socially Responsible Investment (SRI) funds. The SRI funds mirror Morgan Stanley Capital International Ethical, Social and Governance indexes (namely the MSCI World ESG index and the MSCI US IMI index) to guide investment opportunities in equities screened for ESG criteria.

The investment fund managed by UBS consists of a mix of fixed income securities and equities, weighted towards equities. UBS use third party rating providers MSCI Research, Inrate or Oekom to allocate to each holding an ESG score and to provide MSC with a portfolio with an overall sustainability profile.

Current asset investments are all held as cash deposits.

PLANS FOR FUTURE PERIODS

The MSC has successfully finished the final year of its current Integrated Strategic Plan (ISP) and will now turn towards developing a new ISP to guide the organisation from 2022 for the next five years.

This next iteration of the ISP will address organisational issues related to MSC's growth and evolution as a fully global institution, so that we can continue to support fisheries, supply chains and markets that are engaged in the MSC program. A major feature of our development over the coming years will thus be the use of digital technologies across all parts of the organisation. We expect that this will include several related strands, including digitisation of our auditing and assessment systems and developing new systems around digital traceability

of certified seafood through the supply chain, as well as a review of our current chain of custody (CoC).

Equally, the MSC is moving to understand the impact of climate change on certified fisheries and sustainable fishing in general and will work to develop new tools and approaches to mitigate the impact of climate change on certified fisheries and the communities that depend on these fisheries. Conversely, the MSC will also seek to understand the potential benefits of moving to certification and sustainable fishing around reducing fishing's carbon footprint.

MSC continues to be at a stage in our development where we are scaling globally, particularly in Asia, Latin America, and Developing Regions, including Indonesia, western and southern Africa and India. As part of this move to engage developing economies, we will continue to develop and expand our successful Pathways to Sustainability projects, which have moved fisheries through mapping, pre-assessment against the MSC Standard, and the development of targeted action plans to move them towards sustainability and (ultimately) certification—with all the ecological, economic and resilience that entails. As part of this effort, we will also use our own funding, the Ocean Stewardship Fund, to provide or catalyse financing for sustainability actions for the fisheries coming out of Pathways Projects that would otherwise be unable to find this support from traditional finance institutions.

REFERENCE AND ADMINISTRATION

Trustees and Directors of the Marine Stewardship Council (MSC):

Dr Werner Kiene	Chair	Appointed December 12
Mr Eric Barratt	Treasurer and Finance Committee Chair	Appointed May 14
Mr Giles Bolton		Appointed January 19
Ms Maria Damanaki		Appointed July 19
Mr Stuart Green		Appointed June 20
Mr Jim Leape		Appointed December 15
Mr David Lock	Audit Committee Chair	Appointed November 18
Ms Stefanie Moreland	Stakeholder Advisory Council Co-chair	Appointed January 19
Ms Amanda Nickson	Stakeholder Advisory Council Co-Chair	Appointed July 19
Dr Kevin Stokes		Appointed July 20
Mr Paul Uys	MSCI Board Chair	Appointed August 15
Dr Christopher Zimmermann	Technical Advisory Board Chair	Appointed January 21
Prof. Simon Jennings		Resigned January 21
Mr Jean-Jacques Maguire		Resigned July 20

The Trustees of the MSC are the charity's Trustees under charity law and are the directors of the charitable company.

Principle Office & Registered Office: Marine House, 1 - 3 Snow Hill, London, EC1A 2DH

Principal Officers – the Executive Committee

Mr Rupert Howes	Chief Executive Officer
Dr Alene Wilton	Chief Operating Officer
Dr Rohan Currey	Chief Science & Standards Officer
Mr Nicolas Guichoux	Chief Program Officer
Ms Ishbel Matheson	Chief Communications Officer

Advisers

Auditors: Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

Bankers: HSBC Plc, 165 Fleet Street, London, EC4A 2DY

Solicitors: DAC Beachcroft LLP, 100 Fetter Lane, London, EC4A 1BN
Bird & Bird LLP, 12 New Fetter Lane, London, EC4A 1JP

Investment managers:

Northern Trust Company, 50 South LaSalle Street, Chicago, IL 60680, USA
UBS, 1 Finsbury Avenue, London, EC2M 2AN

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report, the Strategic Report, and the financial statements in accordance with applicable laws and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

S 418 CONFIRMATION

Each of the Trustees at the date of approval of this report confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 under Companies Act 2006.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 28 July 2020 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:



Mr David Lock
Chairman Audit Committee

Date 27 July 2021

Independent Auditor's Report to the Members of Marine Stewardship Council

Opinion

We have audited the financial statements of Marine Stewardship Council ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, Charity Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the groups and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit

procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation, employment legislation and taxation legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition and classification of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 6th August 2021

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	UNRESTRICTED FUNDS				UNRESTRICTED FUNDS			
		General	Designated	Restricted Funds	Total Funds	General	Designated	Restricted Funds	Total Funds
		£'000	£'000	£'000	2021 £'000	£'000	£'000	£'000	2020 £'000
Income									
Donations and legacies	2	1,136	0	2,321	3,457	1,154	0	3,230	4,384
Income from charitable activities		25,619	0	0	25,619	23,726	0	0	23,726
Income from investments	3	416	0	0	416	497	0	0	497
Other trading activities		604	0	0	604	859	0	0	859
Total Income		27,775	0	2,321	30,096	26,236	0	3,230	29,466
Expenditure									
Expenditure on raising funds	4	452	0	0	452	610	0	6	616
Expenditure on charitable activities	5	23,824	740	2,223	26,787	23,449	661	2,187	26,297
Total Expenditure		24,276	740	2,223	27,239	24,059	661	2,193	26,913
Net income before transfers and other gains and losses		3,499	(740)	98	2,857	2,177	(661)	1,037	2,553
Gain / (Loss) on revaluation of fixed asset investments		3,214	0	0	3,214	(1,723)	0	0	(1,723)
Net income before transfers		6,713	(740)	98	6,071	454	(661)	1,037	830
Gain / (Loss) on revaluation of foreign assets		(127)	0	0	(127)	(58)	0	0	(58)
Transfers between funds		(1,080)	1,076	4	0	(1,061)	950	111	0
Net movement in funds		5,506	336	102	5,944	(665)	289	1,148	772
Funds at 31st March 2020 (31st March 2019)		29,088	1,289	2,477	32,854	29,753	1,000	1,329	32,082
Funds at 31st March 2021 (31st March 2020)		34,594	1,625	2,579	38,798	29,088	1,289	2,477	32,854

There were no recognised gains or losses other than those included in the Statement of Financial Activities.
All Income and Expenditure derive from continuing activity.

**CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	UNRESTRICTED FUNDS				UNRESTRICTED FUNDS			
		Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds 2021	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds 2020
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Donations and legacies		818	0	2,313	3,131	1,091	0	3,230	4,321
Income from charitable activities		20,107	0	0	20,107	20,137	0	0	20,137
Income from investments		415	0	0	415	496	0	0	496
Other trading activities		7	0	0	7	31	0	0	31
Total Income		21,347	0	2,313	23,660	21,755	0	3,230	24,985
Expenditure									
Expenditure on raising funds		452	0	0	452	610	0	6	616
Expenditure on charitable activities		17,878	740	1,619	20,237	20,444	662	1,049	22,155
Total Expenditure		18,330	740	1,619	20,689	21,054	662	1,055	22,771
Net income before transfers and other gains and losses		3,017	(740)	694	2,971	701	(662)	2,175	2,214
Gain / (Loss) on revaluation of fixed asset investments		3,214	0	0	3,214	(1,723)	0	0	(1,723)
Net income before transfers		6,231	(740)	694	6,185	(1,022)	(662)	2,175	491
Transfers between funds		(1,080)	1,076	4	0	(517)	950	(433)	(0)
Net movement in funds		5,151	336	698	6,185	(1,539)	288	1,742	491
Funds at 31st March 2020 (31st March 2019)		27,333	1,288	3,764	32,385	28,872	1,000	2,022	31,894
Funds at 31st March 2021 (31st March 2020)		32,484	1,624	4,462	38,570	27,333	1,288	3,764	32,385

There were no recognised gains or losses other than those included in the Statement of Financial Activities.
All Income and Expenditure derive from continuing activity.

CONSOLIDATED AND CHARITY BALANCE SHEET
as at 31 March 2021

	Note	Group 2021 £'000	Group 2021 £'000	Group 2020 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Fixed Assets							
Intangible	10	1,255		974		1,253	972
Tangible assets	11	3,600		3,584		3,581	3,511
Investments	12	17,628		14,090		17,772	14,235
			22,483		18,648	22,606	18,718
Current Assets							
Investments	13	2,975		3,014		2,859	2,971
Debtors	14	10,981		11,062		13,287	11,525
Cash at bank and in hand		6,032		3,833		2,174	1,256
		19,988		17,909		18,320	15,752
Creditors: Amounts falling due within one year	15	(3,545)		(3,646)		(2,246)	(2,085)
Net current assets			16,443		14,263	16,074	13,667
Creditors: Amounts falling due after more than one year	16		(128)		(57)	(110)	0
Total assets less total liabilities			38,798		32,854	38,570	32,385
Funds							
Unrestricted funds - General Funds			34,594		29,088	32,484	27,333
Unrestricted funds - Designated Funds			1,625		1,289	1,624	1,288
Restricted funds			2,579		2,477	4,462	3,764
Total Funds			38,798		32,854	38,570	32,385

The financial statements on pages 20 to 38 were approved and authorised for issue by the Trustees on 27 July 2021 and signed on their behalf by:

Mr David Lock
Company Registration Number 3322023



Director / Trustee MSC

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE GROUP
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £'000	2020 £'000
Statement of cash flows		
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities</i>	<u>3,245</u>	<u>2,260</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	416	497
Proceeds from the sales of property, plant and equipment	0	0
Purchase of property, plant and equipment	(1,165)	(979)
Proceeds from sale of investments	5,605	5,900
Purchase of investments	(5,941)	(7,672)
<i>Net cash provided by (used in) investing activities</i>	<u>(1,085)</u>	<u>(2,254)</u>
Cash flows from financing activities:		
repayments of borrowings	0	0
<i>Net cash provided by (used in) financing activities</i>	<u>0</u>	<u>0</u>
 <i>Change in cash and cash equivalents in the reporting period</i>	 2,160	 6
<i>Cash and cash equivalents at the beginning of the reporting period</i>	<u>6,847</u>	<u>6,841</u>
<i>Cash and cash equivalents at the end of the reporting period</i>	<u>9,007</u>	<u>6,847</u>

Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021 £'000	2020 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	5,944	772
Adjustments for:		
Depreciation charges	822	731
FX on Foreign Assets	610	0
Net unrealised loss (gain) and other movements on investment	(3,812)	1,472
Dividends, interest and rents from investments	(416)	(497)
(Profit) / Loss on the sale of fixed assets	46	0
(increase) / decrease in debtors	81	(922)
Increase / (decrease) in creditors	(30)	704
Net cash provided by (used in) operating activities	<u>3,245</u>	<u>2,260</u>

Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash in hand	6,032	3,833
Notice deposits (less than 3 months)	2,975	3,014
Total cash and cash equivalents	<u>9,007</u>	<u>6,847</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1. *Accounting policies*

Marine Stewardship Council is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 17th December 1997 (company number 3322023) and registered as a charity on 10th December 1997 (charity number 1066806).

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association (amended July 2014).

In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

The registered office is Marine House, 1-3 Snow Hill, London, EC1A 2DH.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Charity's financial statements.

Basis of accounting: The consolidated financial statements have been prepared under the historical cost convention, except that fixed asset investments are stated at market value, and in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1st January 2015.

These financial statements consolidate the results of the charity and its five wholly owned subsidiaries, Marine Stewardship Council International Limited (which is incorporated in the UK), Marine Stewardship Council Limited (which is incorporated in the United States), Marine Stewardship Council Asia Pacific Pty Limited (which is incorporated in Australia), Marine Stewardship Council Asia Ltd (which is incorporated in Singapore), and Ippan Shadan Hojin MSC Japan (which is incorporated in Japan) on a line by line basis.

MSCI also has a Chinese registered subsidiary, An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (known as MSC China), the activities of which help fulfil MSC's charitable mission in China.

The functional currency of the Charity and its subsidiaries is GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in GBP.

MSC's overseas subsidiaries are converted into GBP and consolidated into the group accounts using the year end exchange rate, with the foreign exchange gain or loss arising reported as gains or losses arising upon revaluation of foreign assets in the SOFA. Fixed assets held in the overseas subsidiaries are immaterial.

Going Concern: The Trustees approve the annual budgets and periodic forecasts to ensure there is sufficient working capital to meet the charity's obligations over the subsequent 12 months. The charity meets its ordinary working capital requirements through its existing cash balances. The Covid-19 impact has not had a material impact on the charity's financial operations. Having regard to the above, the current cash position and the expected cashflow over the following 12 months the Trustees believe it appropriate to adopt a going concern basis of accounting in preparing the financial statements.

After reviewing the group's forecast and projections, the Trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. This view is supported by the level of free reserves held at the year-end (equivalent to 12 months expenditure). The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty: In the application of the accounting policies directors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historic experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The critical estimate involves accruing for royalty income, with around 2% to 10% of the total royalty accrued each year being based upon historic trends only, rather than information received post Year End from the license holder relating to actual labelled sales for the period of the accrual. This arises because turnover declaration returns of labelled product sales are submitted by license holders in arrears. As a result, labelled product sales data covering reporting periods ending 31st March are received after the financial year end. At the point the accounts are drafted, not all license holders may have reported their labelled sales data (even though the license agreement obligates them to submit their turnover declaration by one month after the end of the reporting period in question). For these license holders, the level of labelled sales (and hence royalty income to be accrued) are estimated based on historic trends.

Judgements are also made for bad debts provisions, based upon reviewing debts older than 90 days at the year end, and for certain contracts of service, whereby the fee to be received by MSC for services delivered continue to be subject to negotiation after the year end.

Fixed Assets:

Intangible fixed assets

Intangible fixed assets represent software costs capitalised in accordance with FRS102. These are stated at historic cost and amortised on a straight-line basis over the period which revenue is expected to be generated (typically 4 years). Items costing less than £500 are expensed in the year of purchase.

Tangible fixed assets

Tangible fixed assets are recorded at cost or, in cases where tangible fixed assets have been donated to Marine Stewardship Council, at valuation at the time of acquisition. Tangible fixed assets are capitalised in the balance sheet at cost, except for items costing less than £2500 which are expensed in the year of purchase.

Depreciation: Depreciation for UK entities has been provided at the following rates in order to write down cost or valuation, less estimated residual value, of all tangible assets by equal annual instalments over their expected useful lives.

Furniture, Fittings & IT equipment	25%
Refurbishment costs of Snow Hill	over 7 years
London Virtual Freehold Property	Building cost over 99 years

Incoming resources: Grants and donations are recognised as income when it is clear MSC has entitlement to the income, that the donation is reasonably certain to occur and that the value of the donation can be measured. Logo license royalty income is accounted for in the period in which the labelled products were sold by our trading partners. Donated services and facilities are included at the value to the charity where this can be quantified. No amounts are included in the financial statements for the services donated by volunteers.

Expenditure: Resources expended are included in the Statement of Financial Activities on an accrual basis, inclusive of VAT which cannot be recovered. Since 1st February 2009, the Charity has been registered within a VAT group consisting of itself and its UK based trading subsidiary, Marine Stewardship Council International. From 1st February 2009, therefore, input tax can be partially recovered based upon a business: non-business model.

Expenditure on raising funds comprise expenditure incurred in encouraging others to make contributions to the charity and include staff costs directly attributable to that activity. Expenditure on charitable activities comprise direct expenses incurred on the defined charitable purpose of the charity, and include staff costs directly attributable to the charitable activities. Where costs could not be directly attributed to any particular function or activity (i.e., costs classified in MSC's ledger as relating to senior staff and office, IT, HR, finance, premises support type costs), they have been allocated by applying bases consistent with the use of the resource. Senior staff costs are apportioned to charitable activities in relation to an estimate of time that that senior member will focus on a specific charitable activity. Head Quarter support costs are allocated to charitable activities in proportion to the staff costs sitting in that charitable activity. Local office support costs are allocated based on an estimation of charitable activity focus of that local office (that is, across servicing and outreach and education and awareness only).

Cash and bank and current asset investments: Cash balances held in interest bearing deposit accounts (business reserve accounts or time deposits) are classified as current asset investments in the balance sheet. All other cash balances held at bank or in hand are classified as cash at bank or in hand in the balance sheet.

Investment income: Investment income is recognised in the accounts when it is receivable and is allocated to the appropriate fund.

Investments: The charity has four wholly owned subsidiary undertakings.

- Marine Stewardship Council International Limited is a trading subsidiary and receives royalties from logo licensing fees as well as income from the sale of merchandise.
- Marine Stewardship Council Limited is a subsidiary incorporated in the United States and promotes the aims of the parent there.
- Marine Stewardship Council Asia Pacific Pty Ltd is a subsidiary incorporated in Australia and promotes the aims of the parent there and in South East Asia generally.
- Marine Stewardship Council Asia is a subsidiary incorporated in Singapore and promotes the aims of the parent there and in Asia generally.

Marine Stewardship Council International has a wholly owned subsidiary, An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (known as MSC China), which received its business license 2nd February 2016.

Investments in the subsidiaries are stated at cost.

Fixed asset investments are held in a portfolio covering equities, fixed income securities, real estate, and commodities, which is managed by Northern Trust, and a second fund, managed by UBS, focused upon fixed income securities. The equity element of the Northern Trust fund is invested in Socially Responsible Investment (SRI) funds. The SRI funds mirror Morgan Stanley Capital International Ethical, Social and Governance indexes (namely the MSCI World ESG index and the MSCI US IMI index) to guide investment opportunities in equities screened for ESG criteria. The UBS fund focuses on lower risk investments consisting of gilts

and corporate paper. Fixed asset investments are reported in the financial statements at their market value on the balance sheet date, including the effect of any unrealised gains and losses as of that date.

Foreign exchange: Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences are included in the statement of financial activities. Transactions during the year are recorded at the prevailing rates.

Financial assets and liabilities: Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are initially measured at transaction price (including transaction cost) and are subsequently re-measured where applicable at amortised cost except for forward rate currency contracts which are subsequently measured at fair value with gains and losses recognised in the Statement of Financial Activities. Assets and liabilities held in a foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

The Group enters into forward rate currency contracts to manage its exposure to fluctuations in exchange rates throughout the year. These contracts are recognised at fair value with gains or losses recognised in the Profit and Loss account.

Pension costs: In the UK, the charity operates a defined contribution group personal pension scheme for the benefit of any employees wishing to join. Defined contribution schemes also operate for overseas based employees in other, non-UK, jurisdictions in line with local legislation. The contributions payable under the schemes are charged in the income & expenditure account, and the assets are managed by an independent organisation.

Taxation: Marine Stewardship Council is a registered charity, and therefore is not liable for income tax or corporation tax on income derived from its charitable activities since it falls within the various exemptions available to registered charities.

Operating lease assets: Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Fund accounting: The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors. The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

2 Donations & legacies	2021	2020
	£'000	£'000
Grants from other charitable bodies	3,018	4,195
Grants from government organisations	289	40
Donations from companies	145	141
Other donations	5	8
	3,457	4,384

3 Investment income	2021	2020
	£'000	£'000
Bank and investment funds interest and dividends receivable	416	497

4 Expenditure on raising funds	2021	2020
	£'000	£'000
General fundraising activities:		
salaries	225	294
other running costs	68	110
investment managers fees	82	79
support	77	133
	452	616

5 Expenditure on charitable activities	Activities undertaken directly	Support costs	Governance costs	2021	Activities undertaken directly	Support costs	Governance costs	1920
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Policy & maintenance of standards	4,591	752	95	5,438	4,615	764	110	5,489
Education & awareness	7,060	1,484	94	8,638	7,736	1,441	121	9,298
Servicing & outreach to fisheries and commercial sector	7,975	2,024	95	10,094	7,097	2,211	100	9,408
Logo licensing costs	858	985	32	1,875	502	909	28	1,439
Ocean Stewardship Fund	742	0	0	742	663	0	0	663
	21,226	5,245	316	26,787	20,613	5,325	359	26,297

6 Support cost breakdown by activity

	Raising Funds	Policy & standards	Education & awareness	Servicing & outreach	Logo licensing	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Office services	20	197	389	531	258	1,395	1,510
IT services	35	341	672	917	446	2,411	2,234
Finance services	5	47	93	127	62	334	584
Human Resources	11	103	203	277	135	729	723
Premises	6	64	127	172	84	453	407
	77	752	1,484	2,024	985	5,322	5,458

Support costs have been allocated to activities in line with staff salary expenditure in a specific activity (salary cost being a reasonable approximation of staff numbers / time spent by the service functions on that activity).

7 Net income / expenditure

	2021	1920
	£'000	£'000
The group's net income / expenditure is stated after or charging:		
Fees payable to the parent charity's auditors for the audit of the charity's annual accounts	27	20
Fees payable to the parent charity's auditors for the audit of the charity's subsidiaries	9	9
Total fees payable to the parent charity's auditors for auditing services	36	29
Fees payable to the parent charity's auditors for tax services	2	2
Operating lease charges - land and building	505	503
Operating lease charges - office equipment	7	12
(Profit) / Loss on fixed asset disposal	46	0
Depreciation	822	688

8 Trustee / directors and employees

Staff costs, including directors' remuneration, were as follows:	2021	2020
	£'000	£'000
Wages and salaries	12,098	10,881
Social security costs	1,486	1,340
Pension	1,015	912
	14,599	13,133

The number of staff employed by the charity during the year was as follows:	2021	2020
	number	number
Number of staff during the year	277	230
Full Time Equivalent (FTE) during the year	240	221

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2021	2020
£60,000 - £69,999	17	25
£70,000 - £79,999	16	9
£80,000 - £89,999	2	5
£90,000 - £99,999	3	4
£100,000 - £109,999	4	1
£110,000 - £119,999	2	2
£120,000 - £129,999	2	1
£130,000 - £139,999	1	1
£150,000 - £159,999	1	0
£210,000 - £219,999	0	1
£250,000 - £259,999	1	0

Key management personnel are defined as those who are designated as members of the MSC Executive Committee. Salary, pension contributions and other benefits received during 2020/21 by the five Executive Committee members amounted to £961,275 (2019/20 £771,142 adjusted to include employers NI).

The banding for the highest paid employee shown above includes employers pension contribution paid as salary. This treatment was adopted as mitigation to the tapering of the annual pension contribution allowance. The emoluments reported in all other bands exclude employers pension contribution

MSC paid pension contributions and other benefits on behalf of staff totalling £1,014,819 (2020: £912,566). For the 49 members of staff whose emoluments were greater than £60,000 the MSC paid pension contributions and other benefits totalling £417,116 (2020: £438,200).

9 Trustees' remuneration and expenses

The chair of the charitable company, Dr Werner Kiene, who is also a Trustee under Charity law, received or was entitled to receive emoluments of USD 46,000 during the year for professional services rendered (2020: USD 46,000). These payments were made in line with criteria laid down in the Memorandum and Articles of Association of the company and were approved by the full Board. The Charity has met travel and subsistence expenses incurred by the fourteen Trustees in the Charity's business totalling £10,958 (2020: £64,319).

The Charity has also paid for the indemnity insurance cost for the trustees (who are also directors) and its key employees with regard to their actions on behalf of the charity.

10 Intangible assets

	Group Trademark £'000	Group Software and database £'000	Group Total £'000	Charity £'000
Cost				
At 1st April 2020	0	2,990	2,990	2,602
Additions	0	947	947	946
Disposals / write offs	0	(4)	(4)	0
At 31 March 2021	0	3,933	3,933	3,548
Depreciation				
At 1st April 2020	0	2,016	2,016	1,630
Charge for the year	0	666	666	665
Disposals / write offs	0	(4)	(4)	0
At 31 March 2021	0	2,678	2,678	2,295
Net book value				
At 31 March 2021	0	1,255	1,255	1,253
At 31 March 2020	0	974	974	972

Trademark intangible asset represents the £1 purchase cost to buy the MSC logo trademark from Marine Stewardship Council International.

The amortisation charge of intangible assets has been allocated equally across Policy and maintenance of standards, Education and awareness, Servicing and outreach to fisheries and commercial sector, and Logo licensing costs.

11 Tangible fixed assets

	Group Long Leasehold Property £'000	Group Furniture, fittings and IT equipment £'000	Right of Use Assets £'000	Group Total £'000	Charity £'000
Cost					
At 1st April 2020	3,700	971	93	4,764	4,489
Additions	0	218		218	214
Disposals / write offs	0	(8)	(93)	(101)	0
At 31 March 2021	3,700	1,181	0	4,881	4,703
Depreciation					
At 1st April 2020	336	797	47	1,180	978
Charge for the year	37	119	0	156	144
Disposals / write offs	0	(8)	(47)	(55)	0
At 31 March 2021	373	908	0	1,281	1,122
Net book value					
At 31 March 2021	3,327	273	0	3,600	3,581
At 31 March 2020	3,364	174	46	3,584	3,511

12a Investment in Group Companies

	Group Shares in Subsidiary £'000	Charity Shares in Subsidiary £'000
Cost		
At 1 April 2020	145	145
Additions	0	0
At 31 March 2021	<u>145</u>	<u>145</u>
Net book value		
At 31 March 2021	145	145
At 31 March 2020	145	145

The company's subsidiaries during the year were as follows:

Company Name	Ownership	Country of incorporation	Activity
Marine Stewardship Council International (CN 3486485)	MSC UK is the sole shareholder	UK	Commercial activities of Marine Stewardship Council (UK trading subsidiary)
Marine Stewardship Council Ltd (EIN 91-2018427)	MSC UK is the sole member	USA	Achieve the objectives of MSC (US charitable subsidiary)
Marine Stewardship Council Asia Pacific Pty Limited (ACN 102397839)	MSC UK is the sole member	Australia	Achieve the objectives of MSC (Australian charitable subsidiary)
Marine Stewardship Council Asia Ltd (CN 201215612M)	MSC UK is the sole member	Singapore	Achieve the objectives of MSC (Singaporean charitable subsidiary)
MSC Japan - GIA	MSC UK is the sole member	Japan	Achieve the objectives of MSC (Japan GIA subsidiary)
An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co (CN 9111015MA003GWGIC)	MSCI is the sole shareholder	China	Achieve the objectives of MSC (Chinese trading subsidiary of MSCI)

Income:

	MSCI Ltd	MSC Ltd	MSC Asia Pacific Pty Ltd	MSC Asia Ltd	An Hai Xu Fishery Certification Consulting (Beijing) Ltd Co	MSC Japan
Donations and legacies	0	326	45	0	0	0
Income from charitable activities	25,442	0	0	0	0	0
Income from investments	0	0	0	0	0	0
Other trading activities	528	0	5	18	0	0
Grants from UK Charity	0	2,834	1,238	191	682	149
Total income	25,970	3,160	1,288	209	682	149
Expenditure:						
Expenditure on charitable activities	5,647	3,100	1,479	191	697	130
Foreign exchange (gain) / loss	394	156	(45)	5	2	13
Total Expenditure	6,041	3,256	1,434	196	699	143
Net Income / (Expenditure)	20	(96)	(146)	13	(17)	6
Gift Aid to UK Charity	20	0	0	0	0	0
Funds at 1st April 2020	131	369	195	36	(118)	0
Funds at 1st April 2021	131	273	49	49	(135)	6

Fixed Assets & Intangible Fixed Assets

Investments in subsidiary	0	7	12	1	0	0
	179	0	0	0	0	0
Debtors	(2,383)	9	83	16	10	17
Cash at bank and in hand	3,278	378	206	34	71	5
Total current assets	895	387	289	50	81	22
Creditors: Amounts falling due with one year	(866)	(121)	(252)	(2)	(37)	(16)
Net current assets (liabilities)	29	266	37	48	44	6
Long term liabilities	(77)	0	0	0	0	0
Total assets less total liabilities	131	273	49	49	44	6
Represented by:						
Share Capital	145	0	0	0	179	0
Unrestricted funds	(14)	273	49	49	(135)	6
Restricted funds	0	0	0	0	0	0
	131	273	49	49	44	6

12b Fixed Asset Investments

	2021	2020
	£'000	£'000
Balance at beginning of year	14,090	13,789
Addition of principal cash	0	1,304
Sale of investments	(5,605)	(5,900)
Purchase of investments	5,941	6,369
Market revaluation of investments	3,490	(2,193)
(losses) / gain on investment	3,826	(1,724)
Dividend and interest income	404	467
Investment managers fees	(82)	(79)
Foreign exchange revaluation	(610)	333
	<u>17,628</u>	<u>14,090</u>

The historic cost of the investment made is £12,258,971.

Asset Classes of Fixed Asset investments are:

	2021	2020
	£'000	£'000
Equity Funds	12,770	9,113
Fixed Income Securities	4,245	4,175
Real Estate funds	134	305
Commodities	258	172
Money Market funds	221	325
	<u>17,628</u>	<u>14,090</u>

13 Current Asset Investments

These are comprised of cash deposits held for investment purposes

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Balance at beginning of year	3,014	2,987	2,971	2,944
Additions/(reductions)	(39)	27	(112)	27
Closing value at end of year	<u>2,975</u>	<u>3,014</u>	<u>2,859</u>	<u>2,971</u>

14 Debtors

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade Debtors	1,418	2,500	85	125
Other Debtors	356	243	319	164
Prepayments and accrued income	9,207	8,319	440	355
Amounts due from Subsidiary undertakings	0	0	12,443	10,881
	<u>10,981</u>	<u>11,062</u>	<u>13,287</u>	<u>11,525</u>

15 Creditors: amounts falling due within one year

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Trade Creditors	1,542	1,338	1,079	756
Tax and social security creditor	328	467	168	158
Other creditors	563	519	224	235
Accruals and deferred income	1,112	1,322	775	936
	<u>3,545</u>	<u>3,646</u>	<u>2,246</u>	<u>2,085</u>

Movement on deferred income:	Group 2021 £'000	Charity 2021 £'000
Deferred income at 1 April 2020	(36)	0
Released to income in year	36	0
Income deferred in year	<u>0</u>	<u>0</u>
Deferred income at 31 March 2021	<u>0</u>	<u>0</u>

16 Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Recertification fund liability	18	57	0	0
Ocean Stewardship Fund	<u>110</u>	<u>0</u>	<u>110</u>	<u>0</u>
Total falling due after more than one year	<u>128</u>	<u>57</u>	<u>110</u>	<u>0</u>

The Recertification Fund is now closed and balances accrued into it are being drawn down as claims are made. The Recertification Fund mechanism has been replaced by the Recertification Assistance Fund, one of the strands of the Ocean Stewardship Fund (OSF). The OSF consists of the Recertification Assistance Fund, which supports the costs of recertification for fisheries that are at their second or subsequent recertification; the Transition Assistance Fund, which supports fisheries to make the necessary improvements to become certified; the Science and Research Fund, which supports research projects with an emphasis upon condition closure; the Innovation Fund, which supports strategically important research. The OSF is reported as designated funds on the face of the SOFA

Movement on recertification fund:	Group 2021 £'000	Charity 2021 £'000
Recertification fund 1 April 20	97	0
Disbursements in year	<u>(20)</u>	<u>0</u>
Recertification fund 31 March 21	<u>77</u>	<u>0</u>

£59,000 of the recertification fund balance is shown as other creditors falling due within one year

17a Funds - Group

		Balance 1st April 2020	Income	Expenditure	Gains and losses	Transfers	Balance 31st March 2021
	Note	£'000	£'000	£'000	£'000	£'000	£'000
D&L Packard Foundation	1	52	0	0	0	0	52
Dutch Postcode Lottery	2	340	0	(340)	0	0	0
MAVA, Fondation pour la Nature	3	112	0	(72)	0	0	40
European Union	4	0	6	(6)	0	0	0
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	5	18	1	0	0	(19)	0
D&L Packard Foundation	6	1	0	(1)	0	0	0
D&L Packard Foundation	7	290	0	(125)	0	0	165
D&L Packard Foundation	8	408	0	(300)	0	0	108
Swedish Institute	9	3	(5)	0	0	2	0
Adessium Foundation, Carasso							
Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	10	64	78	(142)	0	0	0
MAVA HellasFish	11	53	38	(91)	0	0	0
Levantis Hellasfish	12	52	0	0	0	0	52
Various funders	13	114	147	(99)	0	0	162
Cephs & Chefs	14	0	6	(8)	0	2	0
Multiplier - Certifications & Ratings	15	0	31	(23)	0	0	8
Packard Foundation - East Asia Sea	16	0	215	0	0	0	215
Iseal - Pathways Project	17	0	15	(15)	0	0	0
MAVA Medpath	18	0	91	0	0	0	91
WAFIC	19	0	0	0	0	0	0
MAVA, Fondation pour la Nature	20	64	8	(72)	0	0	0
WWF Sweden (SWIOCEPH)	21	0	4	(23)	0	19	0
Remmer Foundation	22	0	8	0	0	0	8
Walton Foundation	23	906	1,678	(906)	0	0	1,678
Total Restricted		2,477	2,321	(2,223)	0	4	2,579
Unrestricted:							
General purpose fund		29,088	27,775	(24,276)	3,087	(1,080)	34,594
Designated - OSF	24	1,289	0	(740)	0	1,076	1,625
Total Group Funds		32,854	30,096	(27,239)	3,087	0	38,798

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

Notes:

1) Capacity building; 2) Dutch Post Code Lottery Fish For Good; 3) MAVA PPAMP;
4) European Maritime & Fisheries Fund (EMFF); 5) Sustainable Octopus project; 6) Packard Data Limited Phase 1
7) Data Limited Phase 2; 8) Japan Expansion 2019 - 2021; 9) Support for MSC's programme in Sweden NESUFISH
10) Project Mediterranean; 11) MAVA, Fondation pour la Nature, Greece; 12) Levantis, Greece;
13) UK Project Inshore; 14) European Union, Chephs & Chefs; 15) Multiplier - Ratings Collaboration; 16) Packard East Asia Sea Project; 17) ISEAL Pathways Project
18) MAVA MedPath; 19) Western Australian Fishing Industry Council; 20) MAVA Lead 2; 21) WWF Sweden - SWIOCEPH
22) Remmer Foundation; 23) Walton support for the MSC programme 2019-22
24) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification). The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.
For prior year comparatives, see note 22

17b Movement on Designated Ocean Stewardship Fund

	Group 2021 TAF GBP 000	Group 2021 RAF GBP 000	Group 2021 SRF GBP 000	Group 2021 Innovation GBP 000	Group 2021 Seed Fund GBP 000	Group 2021 OSF Admin GBP 000	Group 2021 Total GBP 000
Ocean Stewardship Fund 31 March 20	80	320	0	0	797	92	1,289
Designations made in the year	431	431	107	0	0	107	1,076
Transfers from Seed fund	0	0	33	163	(196)	0	0
Grant admin expenditure	0	0	0	0	0	(46)	(46)
Grants awarded during the year	(143)	(248)	(140)	(163)	0	0	(694)
Ocean Stewardship Fund 31 March 21	368	503	0	0	601	153	1,625

	Group 2020 TAF GBP 000	Group 2020 RAF GBP 000	Group 2020 SRF GBP 000	Group 2020 Innovation GBP 000	Group 2020 Seed Fund GBP 000	Group 2020 OSF Admin GBP 000	Group 2020 Total GBP 000
Ocean Stewardship Fund 31 March 19	0	0	0	0	1,000	0	1,000
Designations made in the year	380	380	95	0	0	95	950
Transfers from Seed fund	0	0	203	0	(203)	0	0
Grant admin expenditure	0	0	0	0	0	(3)	(3)
Grants awarded during the year	(300)	(60)	(298)	0	0	0	(658)
Ocean Stewardship Fund 31 March 20	80	320	0	0	797	92	1,289

	Charity 2021 TAF GBP 000	Charity 2021 RAF GBP 000	Charity 2021 SRF GBP 000	Charity 2021 Innovation GBP 000	Charity 2021 Seed Fund GBP 000	Charity 2021 OSF Admin GBP 000	Charity 2021 Total GBP 000
Ocean Stewardship Fund 31 March 20	80	320	0	0	797	92	1,289
Designations made in the year	431	431	107	0	0	107	1,076
Transfers from Seed fund	0	0	33	163	(196)	0	0
Grant admin expenditure	0	0	0	0	0	(46)	(46)
Grants awarded during the year	(143)	(248)	(140)	(163)	0	0	(694)
Ocean Stewardship Fund 31 March 21	368	503	0	0	601	153	1,625

	Charity 2020 TAF GBP 000	Charity 2020 RAF GBP 000	Charity 2020 SRF GBP 000	Charity 2020 Innovation GBP 000	Charity 2020 Seed Fund GBP 000	Group 2020 OSF Admin GBP 000	Charity 2020 Total GBP 000
Ocean Stewardship Fund 31 March 19	0	0	0	0	1,000	0	1,000
Designations made in the year	380	380	95	0	0	95	950
Transfers from Seed fund	0	0	203	0	(203)	0	0
Grant admin expenditure	0	0	0	0	0	(3)	(3)
Grants awarded during the year	(300)	(60)	(298)	0	0	0	(658)
Ocean Stewardship Fund 31 March 20	80	320	0	0	797	92	1,289

TAF is the Transition Assistance Fund and is funded by 2% of the volume royalty income generated in the previous year.

RAF is the Recertification Assistance Fund and is funded by 2% of the volume royalty income generated in the previous year.

SRF is the Science and Research Fund and is funded by 0.5% of the volume royalty income generated in the previous year.

OSF Admin is the Administration Fund, to cover OSF administration costs, and is funded by 0.5% of the volume royalty income generated in the previous year.

Innovation is the innovation fund, and is funded by allocations for unrestricted or transfers from the seed funding pot.

Seed Fund is the balance remaining of the £1m initial allocation from unrestricted funds into the OSF.

18 Funds - Charity

		Balance			Gains and losses	Transfer s	Balance
		1st April 2020	Income	Expenditure			31st March 2021
	Note	£'000	£'000	£'000	£'000	£'000	£'000
D&L Packard Foundation	1	52	0	0	0	0	52
Dutch Postcode Lottery	2	474	0	(326)	0	0	148
MAVA, Fondation pour la Nature	3	66	8	(73)	0	0	1
European Union	4	0	6	(6)	0	0	0
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	5	19	0	0	0	(19)	0
D&L Packard Foundation	6	291	0	(126)	0	0	165
D&L Packard Foundation	7	552	0	(16)	0	0	536
Swedish Institute	8	2	(4)	0	0	2	0
Adessium Foundation, Carasso Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	9	64	78	(142)	0	0	0
MAVA, Fondation pour la Nature	10	53	38	(91)	0	0	0
Levantis Hellasfish	11	52	0	0	0	0	52
Various funders	12	113	147	(99)	0	0	161
Cephs & Chefs	13	0	6	(8)	0	2	0
Multiplier - Certifications & Ratings	14	0	31	(23)	0	0	8
Packard Foundation - East Asia Sea	15	0	215	0	0	0	215
Iseal - Pathways Project	16	0	15	(15)			0
MAVA Medpath	17	0	91	0	0	0	91
WAFIC	18	6	0	0	0		6
MAVA, Fondation pour la Nature	19	112	0	(72)	0	0	40
WWF Sweden (SWIOCEPH)	20	0	4	(23)	0	19	0
Walton Foundation	21	1,018	1,678	(599)	0	0	2,097
D&L Packard Foundation	22	651	0	0	0	0	651
Entwicklungsgesellschaft (DEG)	23	61	0	0	0	0	61
Kingfisher	24	6	0	0	0	0	6
MIDATLANTIC	25	9	0	0	0	0	9
Walton Foundation	26	144	0	0	0	0	144
Walton Foundation	27	19	0	0	0	0	19
Total Restricted		3,764	2,313	(1,619)	0	4	4,462
Unrestricted:							
General purpose fund		27,333	21,347	(18,330)	3,214	(1,080)	32,484
Designated - OSF	28	1,288	0	(740)	0	1,076	1,624
Total Group Funds		32,385	23,660	(20,689)	3,214	0	38,570

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

1) Capacity building; 2) Dutch Post Code Lottery Fish For Good; 3) MAVA PPAMP;

4) European Maritime & Fisheries Fund (EMFF); 5) Sustainable Octopus project;

6) Data Limited Phase 2; 7) Japan Expansion 2019 - 2021; 8) Support for MSC's programme in Sweden NESUFISH

9) Project Mediterranean; 10) MAVA, Fondation pour la Nature, Greece; 11) Levantis, Greece;

12) UK Project Inshore; 13) European Union, Chephs & Chefs; 14) Multiplier - Ratings Collaboration; 15) Packard East Asia Sea Project; 16) ISEAL Pathways Project

17) MAVA MedPath; 18) Western Australian Fishing Industry Council; 19) MAVA Lead 2; 20) WWF Sweden - SWIOCEPH

21) Walton support for the MSC programme 2019-22; 22) Packard Japan Expansion Phase 1; 23) DEG DongShan; 24) KDE Kingfisher; 25) MidAtlantic

26) Walton support for the MSC programme 2016-19; 27) Walton Mexico

28) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification).

The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.

For prior year comparatives, see note 23.

19 Financial Commitments

	Group	Group	Group	Group
	Land & Buildings	Other	Land & buildings	Other
	2021	2021	2020	2020
Expiry Date	£'000	£'000	£'000	£'000
less than 1 year	212	0	244	0
Two to five years	2	4	39	5
Total	214	4	283	5

	Charity	Charity	Charity	Charity
	Land & Buildings	Other	Land & Buildings	Other
	2021	2021	2020	2020
Expiry Date	£'000	£'000	£'000	£'000
less than 1 year	106	0	108	0
Two to five years	0	0	9	0
Total	106	0	117	0

20 Analysis of net assets between funds

	2021	2021	2021	2021	2020	2021	2020	2020
	Unrestricted	Designated	Restricted	Total	Unrestricted	Designated	Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March as represented by:								
Tangible fixed assets & investments	21,228	0	0	21,228	17,674	0	0	17,674
Intangible fixed assets	1,255	0	0	1,255	974	0	0	974
Net current assets	12,239	1,625	2,579	16,443	10,497	1,289	2,477	14,263
Long term liabilities	(128)	0	0	(128)	(57)	0	0	(57)
Total net assets	34,594	1,625	2,579	38,798	29,088	1,289	2,477	32,854

21 Related party transactions

The Marine Stewardship Council's related parties as defined by the Financial Reporting Standard 102, and the nature of the relationship, are summarised below:

Marine Stewardship Council International Limited (MSCI)

During the financial year MSC charged MSCI 15% of its office, premises and HR costs, 50% of its IT costs, and an allocation of the Finance Director and Governance Secretary salary totalling £1,345,937 (2019/20 £1,240,537). Allocations of key management salaries totalled £171,263 (2019/20 £164,330). Gift aid payable for the year amounted to £12,926,212 (2019/20 £13,609,561) and the royalty payable by MSCI to MSC for the right to exploit MSC's ecolabel amounted to £7,002,452 (2019/20 £6,509,034).

At 31st March 2021, MSCI owed £12,442,302 in total to the parent charity company. This amount includes the amount payable by MSCI to MSC as royalty for the right to exploit the Charity's intellectual property (ie the MSC ecolabel) and the gift aid due to the Charity of MSCI's accounting surplus for the year.

The ultimate controlling party of the Charity is its members who are also the Directors and Trustees.

22 Funds - Group - Comparative for prior year

		Balance 1st April 2019	Income	Expenditure	Gains and losses	Transfers	Balance 31st March 2020
	Note	£'000	£'000	£'000	£'000	£'000	£'000
D&L Packard Foundation	1	52	0	0	0	0	52
D&L Packard Foundation	2	205	0	(220)	0	15	0
D&L Packard Foundation	3	21	0	(60)	0	40	1
Dutch Postcode Lottery	4	784	0	(444)	0	0	340
MAVA, Fondation pour la Nature	5	0	123	(11)	0	0	112
European Union	6	0	55	(55)	0	0	0
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	7	20	(32)	(7)	0	37	18
D&L Packard Foundation	8	0	394	(104)	0	0	290
D&L Packard Foundation	9	0	552	(144)	0	0	408
Swedish Institute	10	5	0	(2)	0	0	3
Adessium Foundation, Carasso Foundation, Resource legacies Fund (Sustainable Fisheries Fund)	11	80	252	(268)	0	0	64
MAVA, Fondation pour la Nature	12	0	65	(12)	0	0	53
Levantis	13	0	52	0	0	0	52
Various funders	14	69	155	(110)	0	0	114
Cephys & Chefs	15	0	9	(9)	0	0	0
WAFIC	16	3	3	(6)	0	0	0
MAVA, Fondation pour la Nature	17	76	54	(66)	0	0	64
Walton Foundation	18	14	0	(33)	0	19	0
Walton Foundation	19	0	391	(391)	0	0	0
Walton Foundation	20	0	1,157	(251)	0	0	906
Total Restricted		1,329	3,230	(2,193)	0	111	2,477
Unrestricted:							
General purpose fund		29,753	26,236	(24,059)	(1,781)	(1,061)	29,088
Designated - OSF	21	1,000	0	(661)	0	950	1,289
Total Group Funds		32,082	29,466	(26,913)	(1,781)	0	32,854

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

Notes:

1) Capacity building; 2) Japan expansion; 3) Data Limited; 4) Fish For Good

5) MAVA Lead West Africa; 6) European Maritime & Fisheries Fund (EMFF); 7) Sustainable Octopus project

8) Data Limited Phase 2; 9) Japan Expansion 2019 - 2021;

10) Support for MSC's programme in Sweden; 11) Project Mediterranean; 12) MAVA, Fondation pour la Nature, Greece; 13) Levantis, Greece;

14) UK Project Inshore; 15) European Union, Cephys & Chefs; 16) Western Australian Fishing Industry Council; 17) MAVA, Fondation pour la Nature

18) Walton Support for the MSC programme 2017-19; 19) Walton support for the MSC programme 2017-19; 20) Walton support for the MSC programme 2019-22

21) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification).

The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.

23 Funds - Charity - Comparative for prior year

		Balance				Balance	
		1st April 2019	Income	Expenditure	Gains and losses	Transfers	31st March 2020
	Note	£'000	£'000	£'000	£'000	£'000	£'000
D&L Packard Foundation	1	52	0	0	0	0	52
D&L Packard Foundation	2	636	0	0	0	15	651
D&L Packard Foundation	3	21	0	(82)	0	61	0
Dutch Postcode Lottery	4	839	0	(365)	0	0	474
Entwicklungsgesellschaft (DEG)	5	61	0	0	0	0	61
European Union	6	0	55	(55)	0	0	0
Interreg Atlantic Area	7	0	9	(9)	0	0	0
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	8	21	(32)	(7)	0	37	19
Kingfisher	9	6	0	0	0	0	6
D&L Packard Foundation	10	0	394	(103)	0	0	291
Swedish Institute	11	4	0	(2)	0	0	2
Adessium Foundation, Carasso Foundation, Resource legacies Fund (Sustainable Fisheries Various funders)	12	80	252	(268)	0	0	64
MIDATLANTIC	14	69	155	(111)	0	0	113
WAFIC	15	9	0	0	0	0	9
MAVA, Fondation pour la Nature	16	3	3	0	0	0	6
Walton Foundation	17	76	54	(64)	0	0	66
Walton Foundation	18	145	391	173	0	(565)	144
Walton Foundation	19	0	1,157	(139)	0	0	1,018
MAVA, Fondation pour la Nature	20	0	65	(12)	0	0	53
Levantis	21	0	52	0	0	0	52
D&L Packard Foundation	22	0	552	0	0	0	552
MAVA, Fondation pour la Nature	23	0	123	(11)	0	0	112
Walton Foundation	24	0	0	0	0	19	19
Total Restricted		2,022	3,230	(1,055)	0	(433)	3,764
Unrestricted:							
General purpose fund		28,872	21,755	(21,054)	(1,723)	(517)	27,333
Designated - OSF	25	1,000	0	(662)	0	950	1,288
Total Group Funds		31,894	24,985	(22,771)	(1,723)	0	32,385

Exchange gains and losses arising from the revaluation of foreign currency assets held overseas have been set against expenditure.

Transfers between funds represent transfers of unrestricted funds into restricted funded activities as match funding contributions. Transfers of unrestricted funds into designated funds relate to the Ocean Stewardship Fund (see below).

1) Capacity building; 2) Japan expansion; 3) Data Limited; 4) Fish For Good

5) Dongshan fisheries in Southern China; 6) European Maritime & Fisheries Fund (EMFF); 7) Cephs & Chefs ; 8) Sustainable Octopus project

9) Key Data Elements Project Grant; 10) Data Limited Phase 2;

11) Support for MSC's programme in Sweden; 12) Project Mediterranean; 13) MAVA, Fondation pour la Nature;

14) UK project inshore; 15) Project Mid Atlantic; 16) Western Australian Fishing Industry Council; 17) MAVA, Fondation pour la Nature - West Africa

18) Walton support for the MSC programme 2017-19; 19) Walton support for the MSC programme 2019-21;

20) HellasFish MAVA; 21) HellasFish Levantis; 22) Japan Expansion 2019 - 2021; 23) LEAD West Africa Phase 2; 24) Walton Foundation - Mexico

25) Ocean Stewardship Fund (OSF). A designated fund with a 3 fold objective of supporting fisheries transitioning towards MSC, funding science and research projects that will benefit MSC's sustainability agenda and a recertification strand, helping to contribute to the audit cost of fisheries being certified for the third time (2nd recertification). The timeline for fully spending the £1 million initial designation is likely to be between 3 and 4 years.