



Meeting Minutes

Attendees:

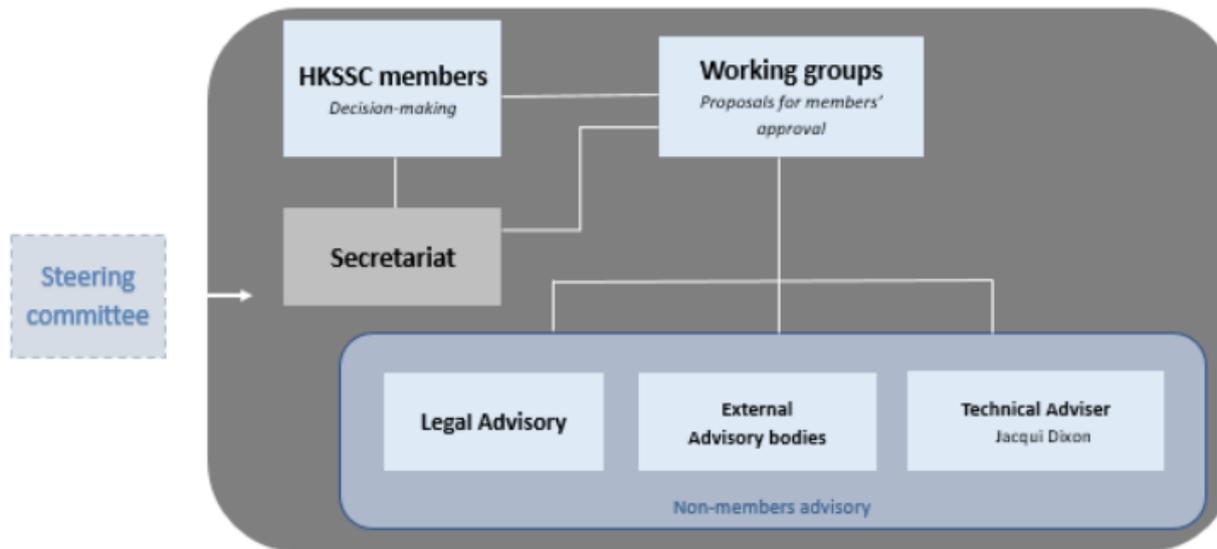
14	Members	1	Technical Advisor
11	Observers	3	Steering Committee
2	Secretariat		

Date: 19 January 2018

Location: Oxford House, Quarry Bay, Hong Kong.

Welcome remarks and introduction

1. Chair welcomed all members, noting that there were a few who were unable to make the first meeting. There is still interest from these parties to join the Coalition.
2. Technical Advisor is the defaulting Chairperson. The group is looking for a Chairperson from the industry, and welcomes volunteers and nominations.
3. Pointed out the non-industry presence at the meeting was to identify opportunities and to ensure the coalition kicked off on the right footing. As currently laid out in the Draft Terms of Reference (ToR), it is up to the members to decide who joins the meetings. Members may prefer only industry to be present or for an NGO/s to join at certain meetings. It is completely up to the members to decide who should be at the meetings, as long as it is decided according to the procedures laid out in the draft ToR.
4. **History of the Coalition: Why we are here, and where did we come from.**
 - a. The first Sustainable Seafood Symposium in Hong Kong was held in May 2015, for suppliers, buyers, retailers and the food service industry, initiated by Pacific Andes. The second Sustainable Seafood Symposium in Hong Kong was held independently by Teng Hoi Conservation Organisation and ADM Capital Foundation in May 2017 with funding from Swire Trust. During this event, the question was asked to industry if it would be an appropriate time to initiate a set of Voluntary Codes of Conduct (VCOC) on seafood sourcing and labeling in Hong Kong, along similar lines to the UK model. It was decided that it would be helpful to have a common language; a set of guidelines to even out the gaps between local and global requirements and sourcing capabilities.
 - b. An industry meeting was held in September 2017 to confirm interest in establishing a coalition of local seafood-related industry to collectively develop the VCOC and advance the sustainable seafood market in Hong Kong. Since then a steering committee has been established comprising representatives that led the 2017 Symposium and also representatives from the Sustainable Seafood Coalition (SSC UK) process. The SSC UK has agreed that the HKSSC may base relevant work on the UK Coalition's efforts; effectively meaning that the HK Coalition can take advantage of already tried and tested concepts. The steering committee developed a general structure of how this could run in Hong Kong and initial funding was provided by ADM Capital Foundation.
 - c. 19th Jan 2018 marks the first meeting of the Hong Kong Sustainable Seafood Coalition
5. The proposed structure of the Coalition follows below:



- a. The Steering Committee includes ADM Capital Foundation, Teng Hoi Conservation Organisation and external advisors who are involved in the SSC UK.
- b. The appointed Secretariat is CSR Asia.
- c. Legal advisory provided by Skadden on a pro bono basis.
- d. An independent consultant has been appointed as technical adviser for the first year.
- e. Working groups still need to be decided and the members to advise whether external advisory bodies should be invited to participate in the process.
- f. The most important feature of the meeting is to decide who will be members going forward.
- g. The meetings are managed according to the principles of transparency and subject to **Chatham House Rules**, meaning that participants were free to use any information received, but neither the identity nor the affiliation of the speaker (s), nor that of any other participant, may be revealed. It was also subject to the Coalition's **Competition Policy**.

Competition Policy

1. In 2015, Competition Law was passed in Hong Kong. It is there to protect consumers from unfair prices and other anti-competitive conduct.
2. The Law impacts the Coalition and its members, as well as members of the supply chain. There are three ways that the seafood supply chain is covered by this law:
 - a. Agreements between competitors, of which there are four cardinal sins
 - i. Agreement to fix prices
 - ii. Agreement to fix outputs
 - iii. Agreements to allocate sales, territories, customers or products between suppliers, and
 - iv. Bid rigging
 - b. Relationships between suppliers and distributors
 - c. Monopoly behavior among large businesses
3. The HKSSC is a place to promote sustainable practices – it is best that we ensure that this is legitimate. The risks and dangers come from:
 - a. Competitors, suppliers and distributors coming together to discuss industry matters
 - b. Risks of improper exchanges if inside information, boycotts,
 - c. Opportunities for anticompetitive behavior arise within meetings around association activities



4. The following **can** be discussed within the Coalition:
 - a. Ethical issues affecting the industry, such as the development of responsible and sustainable fishing schemes.
 - b. Non-confidential technical and promotional issues relevant to the industry, including issues relating to technology and infrastructure.
 - c. Institutional advertising (i.e., advertising the merits of the industry’s products).
 - d. Legislative changes and initiatives, such as changes in health and safety and environmental legislation or any new or proposed legislation specific to the Hong Kong seafood industry.
 - e. Industry public relations or lobbying initiatives (e.g., product concerns, industry image etc.).

5. The following **should not** be discussed in the Coalition:
 - a. Exchange of competitively sensitive information;
 - i. **General rule to follow:** Any information that can be used by businesses to align on prices or other commercial terms, output/quotas, sales & marketing, supply or production decisions is competitively sensitive.
 - b. Collectively agree on industry wide pricing policies or impose mandatory restrictions on members.
 - i. On the flip side, it would be okay to recommend a list of vendors, certifications, etc. – as long as it isn’t required to source from these
 - c. Establish guidelines or standards that are not based on objective criteria that are transparent and clearly defined, and unrelated to HKSSC.
 - d. Organize or encourage a boycott in any way.
 - e. Some examples of the Do’s and Don’t’s are of the group:

YES	NO
Encourage HKSSC members to choose independently to source from suppliers who adopt sustainable fishing practices.	Requiring members to source only from an HKSSC-recommended list of sustainable seafood suppliers.
Making lists of sustainable seafood suppliers available to HKSSC members.	Requiring HKSSC members not to source from specific suppliers suspected of using illegal fish bombing practices (although evidence of illegal activity should be reported to the appropriate authorities).
Setting objective and clear standards for sourcing that are open and objectively achievable for suppliers.	Setting opaque or arbitrary standards unrelated to HKSSC legitimate purposes

6. The anti-trust policy will be circulated to all attendees of the meeting. It is a requirement that each and every member signs the policy in order to formally join the HKSSC.

Background on the Sustainable Seafood Coalition UK

1. The objective of this presentation was to share about the UK Coalition, the history, lessons learned and recommendations.
2. Globally, what consumers want are: Fair price and good quality seafood; legally caught seafood; and that the burden of responsibility sits with those selling the seafood (brands and retailers).
3. Increasing concerns about future of oceans and fish stocks raising awareness on the importance of sustainable seafood (with SDG 14 driving this).
4. Seafood sustainability/ health / labour are all important and IUU (illegal, unregulated or unreported fishing) undermines seafood sustainability.



5. 2011 – The UKSSC was formed as a “safe space” in which to engage with NGOs about seafood sustainability and labeling concerns and to develop voluntary codes based on agreement.
 - a. Run by an independent secretariat and now funded by members.
 - b. 2014 – The codes were launched - three codes devoted to labeling, sourcing and principles of the members
 - i. Part of the reason that it took so long for the UK to adopt their codes was because of new members joining half way through the process, and needing to restart.
 - ii. Members were given a one-year time period to implement the VCOC, members who were food service operators (with a large number of sources) were given two years to implement.
 - iii. Voluntary codes can be a powerful force for change.
 - c. 2016 – Invited an independent auditor to audit the compliance of members against the codes
 - i. Finding was 97% compliance.
6. Other benefits of the Coalition are to:
 - a. Have one common voice to supply chains.
 - b. Outcomes beyond the codes such as the development of the BRC / EIJ / WWF-UK IUU paper and Project UK.
7. Other suggestions:
 - a. Public consultation, whilst challenging, is worth it – inviting others to share their opinions or review documentation – good to understand who are the individuals / organisations that can help you.
 - b. During the development of the code, consider suspending membership to speed up the process.
 - c. Consider the specific nature of Hong Kong – recommendation to adopt the UK VCOC and make it relevant to Hong Kong, but this is up to members. May want to consider having some species specific sourcing codes relevant to the Hong Kong market such as for live reef fish and shark.
8. Spain is also working on their own sustainable seafood Coalition. Theirs is quite different in that there was no push from NGOs for better labelling and they have decided to focus on the sourcing code rather than the labeling code.

Coffee Break

HKSSC Terms of Reference (TOR)

1. Key item to remember – the TOR is still a draft at this stage. Members will need to sign off on the document.
2. The proposed HKSSC comprises members of Hong Kong’s seafood-related industry including seafood buyers, suppliers, producers and the food and beverage sector. Members are expected to:
 - a. Act with integrity: respect for confidentiality and all applicable laws and regulations (including strict adherence to the Competition Compliance Policy)
 - b. Collaborate: actively work to collaborate, taking time to give due consideration to the aims and inputs of each member. Understand that while we are competitors, we are here for a common goal
 - c. Be transparent: communicate in an open and transparent manner. There is the option to have closed door meetings, but all notes, as described in the Draft TOR, will be available online
 - d. Act in the public interest



- e. Be prepared: review any materials provided in advance of meetings, to be able to participate actively; and
 - f. Work constructively and proactively: to achieve consensus.
3. Funding: While there is funding for the first year, and potentially the second year, it is expected that eventually the members will take over on the funding of the Coalition.
4. Working Groups: will be established to address specific tasks or issues, such as the development of the voluntary codes.
5. The Secretariat: Their role includes:
 - a. Keeping good records
 - b. Developing a relevant work plan to guide the work of the HKSSC
 - c. Facilitate the exchange of information
 - d. Implement the instructions of the HKSSC
 - e. Support the Chairperson through minutes, documents, decision making and arranging webinars, conference calls, as required.
 - f. Recruitment assistance with the support from ADMCF and Teng Hoi
 - g. Administration
6. The Chairperson must ensure:
 - a. Diplomacy
 - b. Fairness: Considering all views are adequately summarized so they are understood by all members
 - c. Leadership; Taking lead to help reach consensus
 - d. Chairing meetings
 - e. Endorsing: Signing relevant agreements
 - f. Objective: Ensure that voice is given to all members
 - g. ** There was a call to see if anyone would like to recommend a Chair, or would like to volunteer. None at the moment **
7. Advisory Committee: The members were notified that if there are any organisations or experts that they would like to have involved then they should let the Secretariat know.
 - a. A couple of suggestions were made on members who could help on the advisory committee
 - b. Suggestion from the UK example was that rather than having an Advisory Committee, the Coalition could bring in technical experts intermittently when needed
 - c. There were some concerns amongst the members that if the opinions of an advisory committee were not considered or implemented into the VCOC, these organisations could cause certain backlash.
8. There is funding to have one year support from a Technical Advisor. The Technical Advisor (TA) is responsible for:
 - a. Strategic guidance – how do we organize and split up activities
 - b. Reviewing documentation
 - c. Guiding the working groups – where most of the work will get done
 - d. Engagement with members as needed
9. Suggest that meetings are held every 6 months with a 40% quorum
10. Decisions will be made on a consensus basis



11. Meetings are not open to the public – but can invite others on an ad hoc basis
12. Agenda and materials will be circulated 5 days in advance
13. All meetings will follow Chatham House Rules

The UK Codes of Conduct and Guidance Document

1. The proposal is for the HKSSC to adopt the UK codes and adapt to a Hong Kong environment, without watering down the responsibility and sustainability criteria.
2. The UKSSC vision is that all fish and seafood sold in the UK is from sustainable sources. They work to achieve this through pre-competitive collaboration. To make this a reality they have set out seven aims: Promote responsible and sustainable fish and seafood consumption; support a wide range of responsibly sourced seafood in the UK market; commit to the SSC sourcing Code; commit to the SSC labelling Code; influence changes in policy; build alliances; and inform the public debate on seafood.
3. The Codes of Conduct consist of two parts:
 - a. **Voluntary Code of Conduct on Environmentally Responsible Fish and Seafood Sourcing:**
 - i. First step is general good practice including transparency and openness and traceability. Traceability should be to the fishery and vessel (or group of vessels) or farm.
 - ii. Once the basics have been achieved, members should conduct a risk assessment / audit for:
 1. **Wild:** legality, the biological status, fishery management, environmental impacts. If the source is not third party certified, it will need to go through a risk assessment (covering the above criteria), which is agreed upon by a competent party.
 2. **Farmed:** legality, farm site management, environmental impacts, marine feed sources. If the source is certified to a 3rd party standard then there is no need to conduct the audit. If no certification in place, then it needs to be audited against a code of practice including the above criteria. Within aquaculture, there are more layers with the assessment including feed.
 - iii. Scope for Part 1: it covers all seafood bought and used in products. If there is a mixture of ingredients, then 95% of the seafood must meet the standards to comply with the Codes.
 - iv. If the risk assessment scores are medium to high for wild catch or non-compliant for farmed, then members are obligated to engage with and improve fisheries if they intend to continue sourcing. Targeted improvements should be specific and time-bound.
 - v. The Code provides decision trees on how to source from both wild and farmed sources and how to label the products. This can be found on pages 10-13 within the online [Codes of Conduct](#).

Questions from members

1. **Question 1:** What if a small fisherman supplier cannot supply the certificates?
 - a. **Answer:** The clear message from the UK model is that even if the supplier doesn't make the requirements now, it doesn't mean that you should stop sourcing from them. Have you screened them? Can we start working with them over time to help improve capacity? Maybe it takes one year. If after one year, they still cannot show any improvement or effort to improve, then you can make a decision to stop sourcing.



2. **Question 2:** How can the procurement team screen on things like fisheries management systems, especially when there are grey areas and lack of information available?
 - a. **Answer:** The exact same issue was faced in the UK so the members approached Seafish (a UK public body that raises standards across the seafood industry). Seafish helped to develop a central database and website to provide this information for UK market relevant fisheries. This helped to fill in the gaps between what was known and what wasn't.

3. **Suggestions from observers:** ASIC (Asian Seafood Improvement Collaborative) is a body of experts that can help within aquaculture. It has a tiered system that works with suppliers depending on their level of sustainability. The Coalition should compile a list of initiatives that are happening in Asia with contacts– it was suggested that this would be very helpful to members. It was noted, however, that to follow the competition policy, we cannot require that members must only source from these sources. It was noted also that the Global Sustainable Seafood Initiative (GSSI) is currently undertaking a benchmarking of global standards which can be utilized.

4. **Voluntary Code of Conduct on Environmental Claims**
 - a. Two types of voluntary claims can be made:
 - i. Sustainable: for wild-caught fish which has received third party certification
 - ii. Responsible: for wild-caught or farmed fish that has been assured using a risk assessment and good-practice approach. Farmed fish can only be called responsible (as no third party certification standard refers to 'sustainable' farmed fish).
 - b. Claims cannot be used in isolation – e.g. 'environmentally friendly' or 'sustainable'. Claims must be communicated within the right context and images used must present the actual activities claimed.
 - c. The Sustainable Seafood Coalition is not an eco-label and cannot be used as such
 - d. Scope for Part 2: All voluntary environmental claims made on websites, sales literature, on product pack, menus, flyers, promotional items, and any communication about sourcing policy.

5. **Further comments and questions from members and Steering Committee:**
 - a. If one owner has say 60 farms, you do not have to audit/assess each farm separately. You would be collecting information related to management and control systems in place applicable to all the farms.
 - b. If you work with certain suppliers who are certified to a third party sustainability or responsible aquaculture standard, you do not have to assess further down their supply chain.
 - c. In the UK, there was one species that was only sold for one month of the year. In this case, what they had decided was for one member to check the source and see if it was responsible. In this case, it depends on what the Coalition sees as a risk.
 - d. Audits do not have to be in person. They can be desktop based using a questionnaire / checklist and asking for evidence.
 - e. Suggestion from Steering Committee is to use the UK Codes as guidance, but to adapt to the local context of Hong Kong. There may be many barriers here to moving the initiative forward and it was suggested that in the second half of the year more effort is placed into the working groups to discuss strategy.
 - f. When looking at the supply chain you may find items that do not meet the code. This is why in the UK members were given one year to adopt. What this means is that from the date of implementing the code, all new suppliers should pass what is written in the VCOC. For existing suppliers, they are given one year to meet the requirements. It is also important to support rather than push suppliers to meet the demands
 - g. In Hong Kong, it is unlikely to work if the code stipulates that only certified sources are sourced from.



1. Teng Hoi has been working since early 2017 with one of the members to develop risk assessment tools, which the member is willing to freely donate to the Coalition to help implement the codes.
2. The tools will look at traceability; illegal, unregulated and unreported (IUU) fishing risk; and forced labour risk.
 - a. Labour piece is a huge issue in Asia, although it is up to members if they want to bring in this element as the UK did not.
3. Suggest a hierarchical approach to managing seafood: The basic level would be to have IUU, food safety and forced labour screening. The intermediate level includes risk assessment on the sustainability of wild catch and wider environmental impacts of farmed products. Ultimately to become more advanced would be to support certain Fisheries Improvement Projects (FIPs) or Aquaculture Improvement Projects (AIPs) to create new sources of sustainable/responsible seafood.
4. The project has three stages:
 - a. Phase 1: Includes supplier questionnaires, risk rating and advisory support
 - b. Phase 2: Is to develop a common platform for HKSSC tools, documentation, risk assessments
 - c. Welcome further comments and input from the group
5. Question from the Steering Committee on whether we should include food safety, and in particular, seafood substitution and fraud, in the risk assessment?
 - a. Members suggested a hierarchy of risks when it comes to food safety where minor may include “glazed” seafood; to include questions around additives (natural / chemical) and substitution / seafood fraud.
 - b. It was pointed out that not all substitution is related to food safety, but could be an economic risk (companies getting ripped off with cheap fish). It was estimated that 30 – 70% of fish is not labeled properly.
 - c. The Hong Kong Trade Description Ordinance (which requires complete honesty with consumers) might need to be a top requirement in the Code
 - d. Suggestion was made that the Coalition could potentially lobby the government and trade associations to change the way that imported seafood is labeled. There is common frustration that imported seafood may simply be labeled “fish products.”

Discussion / Next Steps

1. Members in the coming week will all receive an email from the Secretariat with the following guidance documents:
 - a. Draft Terms of Reference – to be signed off by the members
 - b. Competition Policy – to be signed off by the members
 - c. BRC / ERF / WWF-UK White Paper (An advisory note for the UK supply chain on how to avoid IUU fishery products)
 - d. PAS 1550: 2017 Exercising due diligence in establishing the legal origin of seafood products and marine ingredients – importing and processing – Code of practice
 - e. Confirmation of Working Groups and signup sheet for additional new joiners
 - f. Save the date for next meeting (13 June 2018)
 - g. UK Sustainable Seafood Coalition documents including
 - i. Guidance
 - ii. Codes of Conduct
 - iii. Examples of minutes
2. **Working Groups:** The Steering Committee has suggested splitting into four working groups (WGs) with different industry members in each group and a lead member nominated for each group. How working groups will run is that the Secretariat and the Technical Advisor will set up a webinar with



each WG lead to provide guidance prior to the WG meeting. These webinars will be set up before Chinese New Year (late February). After the initial webinar, each WG is suggested to meet 1-2 times for approximately two hours (March – April). The focus of the WG meetings is to discuss the specific document, what might be missing, challenges and solutions and to identify changes to be made. WG leads will then report back to the Technical Advisor via webinar (May) and the WG outcomes will be presented to the Coalition members at the next meeting (June).

- a. Working groups were established to address the four streams suggested by the Steering Committee: *Guidance Document*; *Labeling Code*; *Sourcing Code – Wild Catch*; and *Sourcing Code – Aquaculture*.
 - b. It was felt that the guidance and labeling documents would need the most work.
 - c. Decision was made that rather than having separate working groups to address forced labour and seafood fraud, these elements should be integrated into each of the four groups.
3. **Advisory Committee:** The technical advisor would be able to support the working groups as needed. However, in terms of having an advisory committee, some members shared concern over backlash from potential advisors if the Coalition chooses not to adopt their suggestions. Response from Steering Committee is that if there is concern, they could ask them to sign an NDA or refrain from using the term “Advisory Committee” to something more appropriate.
 - a. **Members vote outcome:** Choose to wait on selecting an Advisory Committee (Yes 12; No 2).
4. **Transparency:** Suggested by the Steering Committee that the group remains as transparent as possible, while following Chatham House Rules. Minutes will be shared with all members before posting online. As for sharing the names of member participants, more time is needed. Participants have two deadlines for this:
 - a. **6 February:** ADM Capital Foundation will be attending a sustainable tourism summit and is still recruiting members. Sharing names of the current members may convince more to join.
 - b. **Chinese New Year:** Members to decide if member name can be posted on the website with association to the Coalition.
5. **Voting:** All decisions will be made in a democratic way. If one company has several members present during a vote, the company will receive one vote.
 - a. **Working groups:** Are to discuss the Codes and to suggest what would be applicable in Hong Kong. In the end, decisions will be made by the entire group.
6. **Logo:** Steering Committee suggested one logo design. The group did not like the flag/colour and would like to see other options. ADM Capital Foundation will design a new one that sticks with the blue/green colours.
 - a. There is still some debate on the Chinese logo.
7. **Website:** Domain “www.HKsustainableseafoodcoalition.org” has been purchased. This is where we will post documents.
8. **Funding:** Funding is needed to carry the group past the guaranteed first year.¹
 - a. In the UK, they recruited more members to split the cost; and split based on the type of industry
9. **Next meeting:** Voted that the next meeting will take place in the morning of Wednesday 13 June 2018. Location and time will be confirmed closer to the date.

¹ Operating budget for the first 2 years, including advisory and Secretariat costs, is HKD\$1.6 million.