Hong Kong Sustainable Seafood Coalition

Marketplace Working Group Minutes
Date: 30 August 2022
Location: Zoom
Attendees: 9

6	Members	1	Technical Advisor
1	Secretariat	1	Steering Committee

Agenda

1. Introductions to new members.
2. Background to the group and aims.
3. Discuss the development of the Trusted Seafood trading platform so that it aligns with the HKSSC codes of conduct.
4. Platform testing group.
5. AOB.

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1. Introductions to new members

- The chair welcomed the members and introduced them to this working group.
- Members introduced themselves and shared the work of their companies.
- Technical adviser introduced the responsibilities and focus on the HKSSC to all members.
- A member expressed interest in learning the possibility of setting up the Trusted Seafood platform to address the challenges in trading such as the lack of a common language.
- A member expressed their support for enhancing the transparency of seafood trade in Hong Kong.
- A member expressed the passion of the company for sourcing sustainable seafood.

2. Background to the group and aims

- The chair delivered a presentation about the Trusted Seafood platform. This project was initiated by The Hongkong and Shanghai Hotels Limited in 2017 aiming to enhance seafood traceability.
- Marketplace working group progress was slowed down due to the pandemic.
- The development of the Trusted Seafood platform is currently in progress. There is interest from a Venture Capital fund and a team of technical experts has been identified with the capacity to develop the required platform.
- Trusted Seafood platform would assist members especially buyers and suppliers in meeting the HKSSC Code of Conduct.

- Mislabelling has been a major issue in the seafood industry. About 40% of seafood is mislabelled globally. This particular issue is recognised by many stakeholders along the supply chain. For example, hospitality, restaurants, retailers and contract caterers.
- Mislabelling arises from the following reasons:
    - Massive amount of information;
    - Long supply chains;
    - Multiple seafood labels;
    - Confusion about seafood names and lack of a common language.
- The mislabelling issue is amplified because of the greater number of seafood species commonly traded (compared to typical figures in Europe / North America)..
- Illegal, Unreported and Unregulated (IUU) seafood poses a challenge to members of HKSSC. It is widely accepted that IUU seafood constitutes about 20% of seafood caught globally and this seafood is entering supply chains surreptitiously.

Trusted Seafood

- The Trusted Seafood platform is a solution to address seafood mislabelling and enable procuring sustainable seafood better and easier.
- It is a portal that engages suppliers and buyers to trade seafood.
- It provides a common language, helps avoids confusion about seafood names, and enables auditing and reporting.
- The platform provides two sourcing methods: direct searching for products and reverse auction.
- Sellers are rated based on the level of information shared on the platform. The sellers' ratings are determined by the accuracy and reliability of the documentation they share that supports their claims.
- Reverse auction on Trusted Seafood involves five main steps
    - Product identification;
    - Buyers raise PO;
    - Sellers receive PO, deliver products and receive payments;
    - Documents supporting seafood claims as part of the transaction;
    - Auditing and reporting function for all seafood purchases.
- Four partners are involved in the development of Trusted Seafood.
- One of the partners in the discussions has the experience and capacity to provide auditing services.
- One of the challenges of this project is the variety of different e-procurement platforms used by buyers.
- Enabling complete interoperability with such a wide variety of e-procurement platforms could be a challenge. We can avoid the problem by making Trusted Seafood platform a vendor on the different procurement platforms.
    - The Trusted Seafood platform would be used to provide the seafood common language and tools for HKSSC code compliance.

- Once a buyer identifies the product, supplier and all other necessary details using Trusted Seafood then the order is placed to Trusted Seafood using the buyer's existing e-procurement system. The order is then forwarded to the seller for their fulfillment directly to the buyer (not Trusted Seafood).
- A record of the seafood transaction is thus generated on Trusted Seafood and all supporting documentation can be attached by the seller. (This approach avoids the need to develop each and every e-procurement platform with sufficient document handling capability to enable seafood traceability.)
- Buyers can inspect all documentation that supports transactions on the Trusted Seafood, and commission audits as they wish. The results of audits are shared between buyers in the form of a rating on the seller's ability to supply documentation to support all the claims being made (for traceability and sustainability).
- Buyers and sellers can use Trusted Seafood to compile reports of their seafood transactions, including breakdowns, carbon footprints and other details..
- A Transaction fee is to be introduced for the use of the platform in order to sustain it and enable development

3. **Discuss the development of the Trusted Seafood trading platform so that it aligns with the HKSSC codes of conduct.**

- The Hongkong and Shanghai Hotels Limited is facing two main challenges: sourcing sustainable seafood options for Chinese cuisine and identifying the best ways for choosing suppliers. As one of the partners in developing this project, they were part of discussions about integration with their e-procurement system. HSH Group supports the solution to make Trusted Seafood as a vendor on their e-procurement system, thus avoiding a complex negotiation with the e-procurement platform developers.
- The 1, 2 and 3 Star Rating system within Trusted Seafood is to help encourage improvement in traceability over time. Some commonly traded products at present only have 1-Star information. (Insisting on full traceability, 3-Star, at this time is widely considered impractical.) .
- Sands China shared their frustration in purchasing the correct products because of the lack of a common language to describe seafood products. The common name and scientific name of seafood species can be confusing.
- A member believes the trusted Seafood platform can be the solution to reduce confusion by providing a common language for seafood products.
- The Chair reiterated Trusted Seafood platform enables buyers to find suppliers who provide sustainable seafood. It particularly helps companies and hotels with sustainability goals to source seafood sustainably.
- Platform development needs to be robust in order to ensure data security. This together with extensive work on the user interface to meet the needs of buyers and sellers will require significant investment.

- The Chair clarified the process of searching for seafood and the rating system of Trusted seafood platform.
- This platform helps suppliers to save time and resources in managing paperwork necessary for tracing seafood transactions.
- A member expressed their interest in using the Trusted Seafood platform and agreed the platform would help their procurement team to access a list of sustainable and traceable items.
- There is a possibility of connecting the seafood species on the platform to HKSSC seafood risk assessment webpages.

4. **Platform testing group** - to be discussed in the next meeting

5. **AOB**
- Shangri-La Hotels and Resorts, Marco Polo Hongkong Hotel, and Hong Kong Country Club are invited to join this working group and share ideas for developing and testing the platform.