

Oversight Committee Minutes

Meeting 32: 27 June 2023 Teleconference meeting

Present:

OC members: Jules Colombo, Martin de la Harpe, Ben Huyghe, Richard Kwarteng, Marike de Pena, Iresha Sanjeevanie, John Young (Chair)

Excused: Sugumar Raman (proxy to John Young), Theresa Glammert-Kuhr

Fairtrade International S&P: Eleonora Gutwein, Gudrun Schloepker, Christine Knickelbein

Presenters: Margret Loeffen (item 3: update on pilots), John Young (item 5)

Disclaimer:

The Fairtrade International (FI) Oversight Committee (OC) aims to reach consensus, but decisions may not always reflect the opinions of all members.

Item 1 – Opening

The chair opened the meeting and stated that the quorum was met.

Agenda: The agenda was agreed upon unanimously.

Conflict of interest: No conflict of interest was identified.

Ground Rules:

The chair reminded the OC about the ground rules for the meeting:

- All confidential information shared within the committee is kept confidential and should not be circulated or disclosed outside the committee. This does not apply to public minutes.
- All decisions will be based on consensus whenever possible.

Review of actions items:

- Mapping of the Fairtrade standard requirements to guidelines, such as OECD guidelines, UNGPs, ILO conventions, has been finalized.
- Fairtrade Pilots:
 - The Pilot Facilitator has developed a work instruction which is currently being reviewed.
 - Further information on ongoing pilots have been collected to identify key documentation gaps for ongoing pilots and to fill information gaps in the pilots tracker.
 - Based on the guidance given by the OC, the Pilot Facilitator is collecting monitoring indicator data to regularly update the OC on the progress of pilots.

News:

The OC welcomed its new member, Ben Huyghe. As new member of the Standards Committee he also serves on the OC. Ben Huyghe has been appointed by the FI Board and represents Fairtrade Organizations as of May 15, 2023.

Item 2 – Assurance Provider compliance to the RAPs

The Assurance Manager (AM) presented Fairtrade Australia and New Zealand's (FTANZ) desktop assessment of compliance with the Requirements for Assurance Providers 2.0 (RAPs). The desktop assessment was triggered by a sudden disruption in FTANZ's operation related to the audit software, that had implications on the certification services provided. The desktop assessment was conducted by the AM, which was informed by the details provided by FTANZ. Based on the assessment, and the severity of the issue, the AM recommends to the OC to declare that FTANZ is not in conformity with the RAPs v2 and to refer the case to the FI Board for decision with the recommendation to declare that FTANZ's is not recognized as an Assurance Provider (AP) for FI.

A detailed paper has been shared with the OC in advance of the meeting.

Discussion:

The question was raised if there is a provision in place on how FI is informed in case the AP is facing issues in their assurance activities: The requirement 2.1.6 of the RAPs states that FI needs to be informed within 5 days of any changes to the AP's ownership, organizational structure, constitution, or other change impacting the provision of (certification) services.

The OC recommended to flag the urgency of this issue to the FI Board chair and ask them to consider an extraordinary meeting as the next Board meeting would only be in August.

To avoid similar cases in the future, the OC recommended to consider adding to requirement 2.1.6 of the RAPs an additional requirement that the AP has to proactively report systemic failure in their AP system.

Also, it was suggested to add to the licensing and certification risk management plan the threat of operational issues, so mitigation strategies can be defined.

Decision:

The OC unanimously agreed

- to declare FTANZ's non-conformity to the RAPs v2.
- to refer FTANZ's case to the Fairtrade International Board with the recommendations to declare that FTANZ is not recognized as an AP for FI.

Next steps:

- July 2023: Inform FTANZ about the OC decision.
- July – September 2023: Inform the FI Board about the OC recommendation

Item 3 – Updates

- Brand architecture project:
 - The project is still going on. The FI Board and CEOs are discussing labelling solutions for the several offers Fairtrade has.
 - According to discussions with FI's IP lawyers, it is possible to use the Fairtrade Certification Mark for pilots that fall under the scope of the Fairtrade Standard, certification product classification and geographical scope. All other projects would be considered “innovations” and be dealt with by the innovation hub. Here the brand architecture team would have to work on a new labelling solution. FI is currently working on clear criteria and definitions to be able to differentiate pilots from innovations.
 - The Brand Integrity Manager will be invited to a future OC to present on the progress.
- Fairtrade Pilots: In May, the Standards & Pricing Director has taken the following decisions:
 - The textiles pilot has been extended for 2 years and is now integrated into the Pilots SOP.
 - The pilot for bobby beans has been discontinued as it was not successful after 4 years.
 - The South Africa sugar pilot has been discontinued as there were no active sales and no progress made.
 - The India sugar pilot has been discontinued as it could represent a risk of volumes leaving India.

Item 4 – FI Oversight Procedure

Following the ISEAL Independent Evaluation (IE) against the Assurance code, a non-conformity (NC) was identified related to requirement 5.5.2 on “Building competence”.

The corrective measure by FI is the addition of the new requirement 7.4 on Oversight Personnel training to the FI Oversight Procedure. The requirement defines how professional development and competence of oversight staff are ensured.

Decision:

The OC unanimously approved the change to the FI Oversight Procedure version 2.2.

Next steps:

- July 2023: The updated Oversight Procedure v2.2 will be published on FI's website and submitted to ISEAL as objective evidence.

Item 5 – Exception Reporting

The [Exceptions Policy](#) defines FI's approach regarding exceptions against the Fairtrade Standards and standards-related policies and guidelines. APs and Licensing Bodies (LBs) are required to report to FI all the exceptions granted annually. This is part of their continuous compliance to the RAPs and Requirements for Licensing Bodies (RLBs). The chair of the Exceptions Committee (EC) presented main findings and analysis of the latest exceptions report for 2022. The detailed report had been provided prior to the meeting.

The following exceptions were analysed, and actions proposed:

1. [Food Composite Product \(FCP\) Ingredient Exceptions](#)
2. [Percent Fairtrade Composition Exceptions](#)
3. [Packaging Artwork Exceptions](#)

The analysis was followed by a short update on the actions taken since last year's report: There has been some delay due to reprioritisation of other projects in Standards, Pricing & Assurance team. Especially "Optionally Fairtrade" and the revision of the "dairy rule" which had been discussed in a former OC meeting, is in the scope of the Trader Standard review which has been postponed to next year.

Discussion:

The question was raised if the large number of unavailable ingredients was looked into in terms of volume and quality and if this information was made available to other departments/stakeholders to look into sourcing opportunities. It was discussed that a new project has indeed started where the estimated exception volumes was planned to be shared with the Global Impact unit at FI and the Producer Networks (PNs). The report would also be shared with the LBs to encourage Licensees to source those ingredients. The report would also help to see if there are market opportunities for certain ingredients. It was suggested to look at areas where repeated exceptions are granted to see if the Standard should be adapted to reduce the workload of granting exceptions:

- A possibility could be to remove ingredients where it is proven that they have not been available for years.
- Another possibility could be to allow flexibility for using non-Fairtrade ingredients in composite products if the volumes are very minor, and for FSI products where exceptions are currently not foreseen by the Standard.

In general, the OC recommended that exceptions should be checked more thoroughly, e.g., through LB desk checks, to enforce the cleaning up of expired, incomplete and incorrect exceptions. The AM will make a proposal in one of the next OC meetings.

Guidance:

The Oversight Committee endorsed the proposed follow up actions as set out in the paper.

In particular:

- The AM will follow up with the Standards team on:
 - the "Optionally Fairtrade" recommendation made last year,
 - review of the excluding dairy rule in light of increasing non-dairy products
- The EC will follow up with LBs and the Exceptions Coordinator to ensure that all Transitioning and Provenance Exceptions were approved by the EC. If necessary, exceptions will be brought to the EC for a decision.
- The EC should follow up with LBs on Expired Exceptions.
- Recommend that all FLOCERT manufacturers of composite ingredients enter them into Connect.
- On site RLB audits should ensure that they look into exception irregularities with LBs.
- The Exceptions Policy should outline the grounds for % composition exceptions. These exceptions should only be granted by the EC.
- The Exceptions Operational Document should provide guidance to LBs on how and when packaging artwork exceptions should be recorded in Connect in consultation with the Brand Integrity team.

Next steps:

- Q3 – Q4 2023: AM to follow up action related to the Standards unit work.
- Q3 – Q4 2023: Chair of EC to follow up actions as described in the analysis.
- Q4 2023: Assurance Coordinator to publish the updated public exceptions report.

Item 6 – FLOCERT reporting Q&A

Due to the absence of the FLOCERT representatives, the item has been postponed to the next OC meeting. Additionally, the OC asked to have a presentation on the main highlights of the report.

Item 7 - AOB

An OC member flagged that after the resolution of the General Assembly that will allow PNs to conduct licensing activities in their territories, resources of the Oversight staff would be needed for training on licensing procedures, trader Standard etc.

It was recommended that the future LBs already go through the RLBs to check what needs to be in place (system, SOPs, staff etc.).

The AM will follow up.

Next Meeting date:

The next Oversight Committee meetings in 2023 will take place on

- September 18-19
- November 27-28

The meeting was formally closed.