

# **Oversight Committee Minutes**

## **Meeting 20: 7 July 2020**

### **Teleconference meeting**

**Present:**

*OC members:* Martin Boon, Martin de la Harpe, Richard Kwarteng, Iresha Sanjeevanie, Miguel Mateo Sebastian, Ludwig Tanchot, Sugumar Raman, John Young (Chair)

*SC members invited for item 5:* Jos Harmsen, Emilie Sarrazin.

*Fairtrade International S&P:* Gelkha Buitrago, Eleonora Gutwein, Ana Rosas.

*FLOCERT:* Theresa Glammert-Kuhr, Jutta Goss

**Disclaimer:**

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

**Item 1 – Opening**

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

Agenda: The agenda was agreed unanimously. An AOB was suggested.

Conflict of interest:

A conflict of interest was reported for Item 5. This member will abstain from the voting on this agenda point.

Ground Rules:

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

Review of actions items:

- Reporting of FLOCERT KPIs and risk management plan planned for September 2020.
- Certification of new producer organizations during Covid-19 is a topic for decision this session.
- Partial review of the RAPs v2.0 planned for November 2020 depending how proposal to improve allegation procedure / to develop a grievance procedure progresses.

A&O News: Last meeting of Director of S&P and CLAC representative.

## **Item 2 – Updates**

### **Exceptions policy review project**

Plan to review the exceptions policy, including consultation, during the second half of the year and to bring it for decision in November 2020.

### **LOA meeting**

Virtual meeting end of May 2020 organized by FI. Several topics relevant to assurance and oversight discussed and active participation of Assurance and Oversight (A&O) Manager.

### **COVID-19 – resuming of onsite audits**

The priority continues to be the health and safety of clients and auditors. Criteria to resume onsite audits have been developed (including no official travel warning, work-related travel allowed and ensuring health and safety measures). The decision lies with the Regional Manager based on assessment of individual risks done by auditor and considering insurance coverage of auditors. Onsite audits will start in some countries in Europe and Asia. Remote audits will be used for less risky customers. Higher risk customers will have their audits towards the end of the years. Potential to extend remote approach also to other customers if the mobility restrictions continue until the end of the year.

A&O to share again paper comparing responses on assurance from different ethical schemes.

### **Conflict affected areas**

Following the March 2020 decision, a reduced checklist has been developed with the approval of FI. FLOCERT has informed DAKkS and has invited applications from producer organizations. Still pending support from relevant PN (or a delegated local organization). Pilot limited to Democratic Republic Congo. Evaluation will consider assessment of results and confirmation of acceptance of risks and approach by DAKkS.

Action points:

- FI to finalize public communication
- MH France to follow up field support with relevant PN

### **2nd instance complaint**

A&O informed the receipt of a complaint. For further discussion in the September 2020 OC meeting.

## **Item 3 - Fairtrace for assurance - KPIs**

FLOCERT provided an update on how information reported in Fairtrace is and will be used as a tool to improve assurance, complement the existing tools and reduce reliance on onsite audits.

If any changes on the RAPS are required for further implementation of Fairtrace for assurance, the A&O Manager and OC will be informed.

Next Steps:

- Timelines of main work packages to be shared OC
- OC to be kept abreast of relevant developments

#### **Item 4 – Implementation of variation request for small licensees**

The OC granted a variation request in November 2019 with some conditions, including spot checks. The selection of spot checks is based on data from Fairtrade reports. 5% of the small licensees will be audited. Depending of the traceability model, audits will be carried out remotely or onsite. The latter depends on length of existing mobility restrictions. The OC suggested to cross information with other available information in the system to gain more insight about potential risks.

#### **Item 5 – Certification of new producer organizations under COVID-19**

The concept of certifying during the COVID-19 pandemic does not include initial and re-entry audits for producers. At the last meeting, following the proposal by FLOCERT to extend the remote audit approach to initial and re-entry audits, the OC requested FI and FLOCERT to work on strengthening the mitigation measures further to minimise the reputational and credibility risks associated with the remote approach.

##### Proposal

The revised proposal includes additional measures and entry criteria. These measures include amongst others: a confirmation that the organization is a SPO by local authorities or the relevant PN, telephone interviews and compulsory orientation on relevant requirements, evidence that workers and members are informed about Fairtrade requirements and how to report issues if needed to FLOCERT, an external global compliance risk index list will be used to complement assessment on forced and child labour. For organizations that wish to re-entry after being decertified, credible evidence that non-conformities have been solved need to be provided.

##### Recommendation

Fairtrade International's Assurance and Oversight acknowledges the need to allow new producers to enter certification during the COVID-19 crisis and while the concept developed does not offer the same level of assurance and credibility that the certification based on physical audits offer, the additional mitigation measures introduced would reduce the identified risks. Therefore, Assurance and Oversight recommends to the OC to approve the remote initial audit for new applicant initial audits and re-entry audits as set out in the paper.

##### Decision

*One member abstained due to a conflict of interest.*

The concept of certifying new and re-entry producer applicants during COVID-19 until end of October 2020 was approved (5 in favour, 1 abstention, 1 against).

##### Next Steps

- Director S&P to issue a formal instruction to FLOCERT, July 2020
- FLOCERT to implement the decision, July - August 2020

#### **Item 6 – Complaints & Allegations – FLOCERT**

FLOCERT Credibility Assurance Manager presented the different definitions (allegation, appeal, review, complaint) and presented the overview of the last four years. For 2019 the number of allegations, appeals, reviews and complaints vs how many of them have been accepted, closed and certification decisions overturned or reconfirmed was shared.

FLOCERT explained the mechanisms through which it has improved the access to allegation procedures and gave an overview of the main topics for allegations. The method of investigations is usually focused or unannounced audits. For appeals and reviews FLOCERT presented the overview for 2019 per stakeholder group, kind of appeal/review and region and whether the decision was reconfirmed or overturned. A similar overview was presented for the number of complaints. It was noted that the number of complaints represent less than 1% of the total number of clients. In terms of impartiality, it was highlighted that the number of logged cases decreased.

The OC requested to have a break down on the number of allegations and complaints per topic and expressed interest in having more information about the appeals committee scope, composition, responsibilities and members.

#### **Item 7 - Chair and Vice Chair Election**

The OC members re-appointed John Young as Chair and elected Ludwig Tanchot as Vice Chair for a one-year term. The next chair and vice chair election is due in June 2021.

#### **Item 8 – AOB, Next meeting date, Closing**

A question was raised whether Fairtrade audits cover following total quantities of products along the supply chain. This would be important to reduce the likelihood of non-members produce to be sold as Fairtrade. FLOCERT confirmed that when a producer organization sells to a trader, this is reported into Fairtrade and confirmed by the producer. Regarding how the products moves in the supply chain, AM will follow up with FLOCERT.

Next OC meeting is scheduled for 21<sup>st</sup> and 22<sup>nd</sup> September 2020. Exact times and whether it will be virtual or not, will be confirmed in due course.

Meeting was formally closed.