

Oversight Committee Minutes

Meeting 26: 22 March 2022 Teleconference meeting

Present:

OC members: Martin Boon, Theresa Glammert-Kuhr, Richard Kwarteng, Marike de Pena, Iresha Sanjeevanie, Ludwig Tanchot, John Young (Chair)

Excused: Martin de la Harpe (proxy vote to John Young), Sugumar Raman (substituted by Theresa Glammert-Kuhr)

Fairtrade International Standards & Pricing: Eleonora Gutwein, Oksana Forkutsa, Gudrun Schloepker, Sebastian Wichterich

FLOCERT: Ruth Fernandez Audera

Observers: Mona Wolf, Ricardo Guimaraes, Patricia Magana-Spiegel, Arisbe Mendoza (Fairtrade International)

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:

- The framework for conducting pilots within the Fairtrade system is on the agenda for this meeting (Item 3).

- The partial review of the Requirements for Assurance Providers, version 2.0 (RAPs) is ongoing.
- The timeline for exploration of possibilities for certification in long-term conflict areas is on the agenda for this meeting (Item 2).
- The update on the exploration of opportunities for combined certification by FLOCERT is planned for the June OC meeting.
- A report on the corrective actions taken by FLOCERT after the RAP's audit in June 2021 will be shared with the OC after the meeting.

Item 2 – Updates

Certifying in Conflict Affected Areas

The pilot for certification in conflict affected areas conducted in the Democratic Republic of Congo had to be closed and phased out (24th OC Meeting in September 2021). The OC mandated the FI Assurance Manager (AM) and FLOCERT to explore alternative possibilities for certification in these areas. In the aftermath there has been interest from National Fairtrade Organizations (NFOs). An NFO volunteered to conduct a survey within the Fairtrade system to gain insights about the interests, priorities and needs of different stakeholders regarding this initiative. The Brand Architecture Project is exploring potential labelling solutions for products that are not certified but would still have on-pack communication about the Fairtrade model used. This work would fit also with the need from the system to widen our portfolio beyond certification. Whether these preliminary efforts will lead to a project for a scheme is still open. The AM will keep the OC updated.

Exceptions Reporting

FI Assurance collected the information on exceptions granted in 2021 by Licensing Bodies (LBs) and Assurance Providers (APs). A presentation on figures, trends and areas that require closer attention was given to the Exceptions Committee (EC) in mid-March. The EC made suggestions on the improvement of data adequacy and risk analysis. An updated presentation including the action points raised by the EC will be given during the June OC meeting. The focus will be on finding the procedural errors or interpretation issues during granting exceptions and on ways how to support LBs/APs in this process.

Item 3 – Pilot Standard Operating Procedure (SOP)

The AM presented the final draft of the newly developed Pilot SOP to the OC. Fairtrade intends to use pilot projects as an opportunity for innovation and testing ideas in a controlled environment while providing a strategy of risk mitigation. To continue to foster innovation and market demands, Fairtrade has a need to conduct pilot projects that diverge from the established standards and procedures, in a way that honours the governance, fairness, transparency and accountability to its internal and external stakeholders.

The development of the Pilot SOP, in addition to the above, is relevant because of the changed legal environment, namely the new certification mark regulations by the European Union Intellectual Property Office (IPO), which link the certification mark very rigorously to the Fairtrade standards and certification process as published. The Pilot SOP is a process that enables Fairtrade to address potential legal risks, as it will provide a publicly available clear and transparent information that will be part of FI's broader standards and assurance framework.

FI worked with consultants to undertake an assignment to develop the procedure in November 2021. The team of consultants used a mix of tools to gather insights. They undertook a literature review, looking at industry and other grey literature. They also reviewed relevant Fairtrade policies and procedures and gathered information from other certification schemes. The team conducted 20 virtual interviews with internal stakeholders. The interviews specifically targeted individuals who have had past or current pilot project experience. An online survey was circulated to at least 40 contacts within FI, FLOCERT and members. The survey was tailored to target two clusters of respondents, 1) FI and FLOCERT staff and 2) Producer Networks (PNs) and National Fairtrade Organizations (NFOs).

The pilot process follows a stage-gate procedure. The pilot is appraised at various stages using set appraisal or performance criteria. Each pilot must have a designated Pilot Project Manager, who has the technical leadership throughout the project. In the FI Standards & Pricing Unit (S&P) the new role of a Pilot Development Facilitator will be created to keep the procedural oversight over all running pilots in the system, with input from the Pilot Project Manager, the OC and the S&P Director.

The Pilot SOP outlines the steps to be followed, specific procedures and documentation within each step, and the assessment criteria to be applied to objectively measure the success and compliance at each step. Specifically, the Pilot SOP provides the following:

- An outline and descriptions of the steps to be followed in a pilot project
- Pilot compliance requirements for the different pilot project steps
- A template for the pilot project appraisal criteria
- A pilot project performance evaluation matrix and a description of the stakeholder engagement processes

The following stages were developed in the Pilot SOP:

Stage 1: Pilot application

- Applicant proposes a pilot project to Fairtrade

Stage 2: Review and peer consultation

- Pilot Development Facilitator reviews the pilot proposal as per the appraisal criteria
- Peer consultation with FI and FLOCERT staff on technical aspects of the proposal

Stage 3: Desk research, consultation and planning

- Validate the information provided at the pilot application stage
- Gather additional information, prepare required documents
- Undertake a thorough planning and budgeting process

Stage 4: Implementation and monitoring

- Implement developed plan
- Implement research and planning stage
- Document and closely track results

Stage 5: Performance approval and appraisal

- Compile the pilot project results

- Make recommendations to the OC

Stage 6: Pilot exit

- Enable exit from the pilot phase to implementation of the recommendations

The Pilot SOP will be published on FI's website and will become an integral part of the FI Oversight mechanism. The Pilot SOP will take effect after a 6-months transition period from the date of publication.

Discussion

The OC enquired about whether the Pilot SOP will be applicable to the already running pilots. The AM explained that the Pilot SOP does not have to be retroactively applied to ongoing pilots, but that it nonetheless can serve as a good guideline for the next steps of these pilots. A status-check of all running pilots will be conducted, also to see if they can align to the later stages of the procedure.

The OC also wanted to know more about requirements to set timelines for different stages of pilots. The AM elaborated that due to the diverse nature of pilots there are no general timelines for pilots, but that each application has to include timelines for each stage of the individual pilot.

Decision 1

The OC unanimously approved the Fairtrade Pilot SOP version 1.0.

Decision 2

The OC unanimously approved the delegation of final wording of the Fairtrade Pilot SOP version 1.0 to the S&P Director.

Next steps:

- April 2022: Final wording, S&P Director approval
- April 2022: Publication of the Fairtrade Pilots SOP version 1.0
- May - July 2022: Webinars to FI and members
- September 2022: Pilot SOP in effect

Item 4 – FairInsight Model

The Fairtrade Standard for Small Producer Organizations (SPOs) requires SPOs to report their premium usage at least annually via the FairInsight Premium Reporting App. FLOCERT presented the planned new assurance model to allow for sharing of Fairtrade Premium usage information by SPOs with their commercial partners. The new assurance model entails two assurance steps: The relevant Producer Network (PN) will first conduct a plausibility check of the reported information, before the SPO may share their premium usage report with commercial partners. In a second step, FLOCERT will undertake a closer examination of the reported premium usage during the next regular Fairtrade audit to verify the claims made. This two-step process shall enable SPOs to share their premium usage information with their commercial partners in a timely manner and at the same time ensure that the integrity and credibility of the reported information remains high.

Discussion

The OC enquired if the PNs will have capacity to conduct the plausibility checks on top of their already existing workload. FLOCERT responded that the model was developed together with PNs and that all three of them were involved throughout the creation process. The plausibility checks will likely be of a general nature and not for each individual project. For FLOCERT, verification of the information in FairInsight will replace the data collection process for CODImpact. It is therefore assumed that the time and costs for audits should remain stable. The rollout of the FairInsight platform is ongoing. So far, around 680 SPOs across all regions have received a training and around 900 premium usage plans have been uploaded to the platform. Learnings from this as well as from the already existing premium self-reporting tool for flower producers are used to improve the application still. It was clarified that the assurance model only applies to the reporting of actual premium use and not the planned premium use and that the plausibility check is only performed once all the elements of the annual plan are reported.

Decision 1

The OC approved the assurance model presented for the FairInsight Premium Reporting App (7 yes votes, 1 member abstained).

Decision 2

The OC approved to mandate FLOCERT to implement the assurance model in a Standard Operating Procedure (SOP) (7 yes votes, 1 member abstained).

Next steps:

- FLOCERT to develop an SOP for the approved model.
- PNs to elaborate their Work Instructions for the plausibility checks according to the SOP, and FLOCERT to approve them.
- The features necessary for the assurance model to be implemented on the FairInsight platform.
- PNs trained to perform the plausibility check.
- The template for premium information sharing to be developed and approved by the Global Data Governance Group (GDGG) (to be confirmed).

Item 5 – Exceptions to use Red HML material

The Fairtrade S&P Unit asked the OC for guidance on the application of the Fairtrade Exceptions Policy version 2.0 to a specific group of materials on the FT Hazardous Material List (HML). This group is to be moved from the Orange List of the HML (restricted usage under special conditions possible) to the Red List of the HML (usage prohibited) by June 30, 2022, and therefore cannot be used for Fairtrade certified crops anymore. However, for specific products and geographic areas there might be a strong practical argument to adapt this timeline to allow for more flexibility. The Exceptions Policy gives the OC the mandate to grant exceptions to use chemicals or pesticides on the Red List in highly exceptional circumstances. The duration of these exceptions needs to be as short as possible, with no possibility for extension, and has to be accompanied by a phase-out plan for the concerned materials.

The OC discussed the technical background of the cases in question and which exception duration could be feasible if exceptions were granted.

Decision

The OC endorsed the following guidance for deciding on exceptions for the use of materials to be phased out from the Orange List to the Red List:

- to consider granting exceptions for 10 materials that will be moved to Red List as of July 2022.
- to request pre-evaluation (re. relevance to the product).
- to involve the S&P Unit.
- to consider a 2-year exception period (until max end of June 2024), given all other conditions fulfilled.

Item 6 – AOB

Ludwig Tanchot leaves Fairtrade Max Havelaar France and with this his membership on the OC comes to an end. FI S&P and the other OC members thanked Ludwig for the good cooperation on the committee and wished him all the best for future.

Next Meeting

The next OC meeting is scheduled for **June 27 and 28, 2022**. The intention is to hold this meeting physically in Bonn, given that the Covid-19 situation allows for this.

The meeting was formally closed.