



Oversight Committee Minutes

15th Meeting: 4th June 2019

Physical meeting

Present:

OC members: Martin Boon, Doreen Chanje, Sugumar Raman, Iresha Sanjeevanie (remotely), Miguel Mateo Sebastián Ludwig Tanchot, John Young.

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

FLOCERT: Theresa Glammert-Kuhr.

Excused: Martin de la Harpe (proxy vote given to Martin Boon).

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. The OC suggested to name the agenda according to versions issued to avoid confusion.

Conflict of interest:

A conflict of interest was reported for *Item 5 - One Cent Pilot* by two members of the Committee. These members 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

A&O News:

- First meeting organized by the new S&P Technical Assistant
- Martin de la Harpe re-considered his decision to resign to the OC and will continue in the committee
- A chair election is due this meeting

Review of Action Items:

- The development of the key performance indicators (KPIs) on Rogue Trading/label integrity is in process. Update on the project is scheduled for this meeting.

- The follow-up with FLOCERT on additional trainings on the impartiality procedure to be offered to the PN's is ongoing
- The Oversight Committee Terms of Reference v2.0 will be presented to the upcoming Standards Committee for decision (June 2019)
- Revised Requirements for Licensing Bodies decision for approval is postponed to September 2019
- The AM is developing a process of sharing best practices among the APs and other stakeholders within the system.
- The LWG ToR (Licensing Working Group Terms of Reference) was amended by incorporating feedback from the last OC. Revised version to be presented for information to the OC in September 2019. The Director S&P has brought the discussion on the recognition of the LWG to FI CEO. To be further discussed once the Head of Licensing and Brand joins Fairtrade International.
- The review of scheme document OC Oversight Procedure v2.0 (OC OP) is on the agenda for decision during this meeting.

Item 2 Updates

The work on rogue trading is ongoing. There are three main work-streams in the tier one products:

- Coffee: a trader round table in Amsterdam was organised to identify the dishonest practices at the trader level and to explore potential solutions in assurance, oversight and the Fairtrade system as a whole. Next steps are to develop recommendations to consider in the coffee standards, changes to the RAPs and FLOCERT procedures.
- Banana: a network meeting in Ecuador was organised. More round tables are planned with traders, producers, workers and importers from different countries to define the areas of work.
- Cocoa: MH France shared results of an analysis conducted in cocoa using the certification data in Ivory Coast and made recommendations in terms of which organizations are considered high risk.

The rogue trading project is running until 2020, when the results will be revised. The project looks into the Fairtrade tools (e.g. standards, assurance and oversight, trainings) to address dishonest practices and implement measures. Also, as part of the project, a position statement including a Q&A document is being developed by the Communications Team in order to have one voice to communicate externally on this matter.

The AM gave an update on the work of the Global Data Governance Group (GDGG). ToR has been developed, and areas of work and responsibilities have been specified. The ISEAL Assurance code v2 requires the scheme owner to have a good information management system in place, including a data registry and a data governance policy. Furthermore, the scheme owner has to ensure that the data is maintained, it's good quality and it adds value to the certified customers. The work of the GDGG is critical to meet these requirements. A representative of the GDGG will be invited to the following OC meeting to provide further details on how the group works.

The AM gave a short summary to the OC on a training that was organised by ISEAL in London in May 2019 on the 'Future of Assurance'. The training touched on ISEAL's assurance code and explained and explored the value of data to the assurance system. The new assurance code builds on the previous version which required the scheme owner to develop their assurance and oversight system, whereas the new version now aims to check how the system was implemented and how it works. The importance of data was demonstrated through several case studies and exercises throughout the training.

The AM informed the OC about the assurance risk management process. It is planned to have an Assurance Risk Management plan incorporating the most significant risks for the assurance system. The plan will be reviewed regularly, in line with the OC's regular work. AM will present the risk management plan at the following OC meeting.

Item 3 System Review

Oversight Procedure v2.0:

The final draft of the Oversight Procedure version 2.0. was presented for decision. Input was given by the technical members on the surveillance check process, to check all standard operating procedures of an AP or LB, also a list of reporting requirements for LBs were added and will be updated once the Requirements for Licensing Bodies 2.0 is approved.

The Oversight Procedure version 2.0 was approved unanimously.

Next steps:

AM to publish the Oversight Procedure v2.0 on the Fairtrade International website and inform the Assurance Providers and Licensing Bodies.

Requirements for Licensing Bodies v2.0:

The project and the content of the revision of the Requirements for Licensing Bodies (RLB) was introduced and explained. As there were still areas where further understanding and clarity was needed, the approval of the new version of the RLB v2.0 was postponed until September 2019.

The AM shared insights on the consultation results and the areas where guidance from the OC was needed.

Discussion:

- Technical members highlighted, that even though fees and sales agreements are not in the scope of the RLB, the need for a harmonised fee policy would be useful to ensure efficiency in licensing. A proposal was made that there should be a limited number of methodologies to set license fees that licensing bodies could choose from e.g. as FSI fees defined in the standards.
- Questions were raised on the EU certification mark regulations and the accessibility of the system. Objective criteria and/or guidelines for handling applications have to be defined; guidance was given by the OC to include a list of dishonest practices from the consultation and a mechanism for complaints/appeals a tool to flag misconduct.
- Impartiality Policy: A LB could make the OC their impartiality committee; suggestion to consider risks into account when defining this procedure, also it would mean additional workload for the LBs and OC.
- Separating licensing and commercial interests: this could potentially undermine the credibility of the system; need to consider how oversight on the risks associated with licensing and commercial activities can be provided; a quality management system should be introduced at the level of the LB.
- It was also suggested that the RLB should build on the requirements of a basic quality management system, thereby ensuring the consistency and the efficiency of the LB's operation.

Next steps:

AM to present the revised version of the RLB for approval for the following OC; in September 2019.

Item 4 Brand Integrity Committee

The Brand Integrity Manager presented an update on the work of the Brand Integrity Committee (BIC) and the implementation of the revised brand architecture.

Although the BIC has been in place since 2004 under different names, given the European Union legislation that makes the registration of the Fairtrade Marks as certification marks and the publication of the brand guidelines compulsory, the committee is being strengthened as FI needs to increase internal coordination and external oversight on the use the certification mark. The changes also address the need to develop

new guidelines for new business models for programs and partnerships ('working with') alongside our current models. Currently the committee is not complete, consists of 2 members.

On the implementation of the brand architecture guidelines, the Brand Integrity Manager explained that the new guidelines were issued in 2018 and 2019. A survey was launched to make an assessment of the implementation of the new marks by the NFOs/FMOs and their licensees. There are different levels of implementation, with the majority of the organizations that responded confirming that the implementation of the new guidelines is ongoing. It was also brought to the attention of the committee that offer to business guidelines have not yet been developed due to lack of input.

Discussion:

- The OC expressed concerns about the different levels of implementation of the guidelines and suggested to set a deadline for full implementation. It also expressed its wish to share this concern with the CEO.
- Though being listed on the FI homepage, the programmes are not implemented and not developed sufficiently yet. This creates difficulties with brands which ask to engage with Fairtrade in programmes and needs to be addressed at a higher level so that there are clear operational guidelines on which to base brand and communications guidelines.

Item 5 One Cent Pilot

The background of the One-Cent pilot project was presented along with the description of the assurance model and FLOCERT's variation request.

Following the decision of the Standards Committee in March 2019, where a remote assurance approach was approved on a set of requirements of the Trader Standard and Flowers and Plants Standard for growers in Europe participating in the One Cent pilot project, FLOCERT submitted a variation request to the RAPs on clauses requiring on-site assessments.

The set of requirements that are exempted from the on-site assessments are the following:

- Physical traceability
- Production chapter (labour and environmental requirements)
- Hazardous Materials Lists
- Voluntary Best Practices
- Flower Standard requirement regarding use of peat

To support the One Cent pilot project, FLOCERT developed the 'Growers scheme' and to enable the efficient implementation of the pilot, a variation request to the RAP 2.0 was necessary as remote assurance means that no physical audits will take place and by not conducting physical initial audits, FLOCERT would not be compliant with the RAP v 2.0. The variation request was submitted to the AM for analysis and approval by the OC according to the Oversight Procedures v1.4 (clause 5.3) to allow remote assurance for "growers" of young plant material (poinsettias) taking part in the Fairtrade One Cent Pilot.

The variation request represents innovation in assurance and following the SC decision it is operationally necessary.

Decision:

Two members of the OC abstained from the decision, due to conflicts of interest. The variation request was approved unanimously for the One-Cent Pilot project.



Next steps:
AM and FLOCERT to report on the progress to the OC.

Item 6 Summary of FLOCERT's KPI report is presented

The AM presented FLOCERT's KPI report as part of their compliance to the RAP v2.0.

The report contained a comparison of the 2017 and 2018 key performance figures.

The KPI report consists of data on the number and type of audits FLOCERT conducts against Fairtrade Standards. It also presents figures on other parameters, such as the number of complaints and allegations received, number of customers, suspensions and decertification.

The OC welcomed the report, and requested to have figures for decertification separated by type of decertification (e.g. non-payment vs. compliance) and an update for the figures with big differences between 2017 and 2018.

Next steps:

AM to work with FLOCERT to explain more the changes in the figures and respond to the questions that were asked.

Item 8 Workers' Rights Advisory Committee input to the RAP on the Allegation procedure

Jeffrey Vogt and Eric Gottwald Workers' Rights Advisory Committee (WRAC) representatives made a presentation to the OC titled "Maintaining the credibility of the Fairtrade System"

The purpose of the meeting was to share with the OC insights on how the WRAC sees the areas for improvement in Fairtrade's and their assurance providers' allegation procedures. Also to explore the ways to improve the system through a better alignment with the International Labour Standards (by the International Labour Organization) and the UN Guiding Principles on Business and Human Rights.

The objectives of the presentation were:

- To review relevant aspects of the UN guiding principles (UNGP),
- To review Fairtrade's policies and procedures on certifications, audits and allegations,
- To review the institutional relationships between the Workers' Rights Advisory Committee, Fairtrade, and assurance providers,
- To outline possible solutions on how to address workers' rights issues through revision of assurance policies and procedures and other institutional reforms.

Discussion:

It was noted by the presenters that the allegations procedure is currently the only mechanism for workers to raise concerns with regard to potential non-conformities with Fairtrade standards. However, in their view the allegations procedures did not meet international standards for grievance procedures and had failed to provide workers a timely or adequate remedy in specific cases. This is due in part by the lack of expertise in labour matters by those handling allegations for the failure to consult workers on the facts of the allegation, the failure to work with workers on crafting the appropriate remedy and in follow-up. The lack of an appeals

mechanism was also identified as a serious issue. In their opinion, the mechanism is more oriented towards certified customer than providing a remedy to harmed workers.

It was highlighted that the collaboration of Fairtrade with labour rights' representatives through the WRAC allows for exchange of information, sharing of inputs and better collaboration.

The following proposals were made by the WRAC representatives:

- Include WRAC representation on the Oversight Committee
- Develop a core group of auditors with labour rights expertise, trained on ILO standards
- Assess level of labour risks using 3rd party info, including workers and unions, and use information to inform audits and composition of audit teams. It's important not to assume lack of allegations means lack of violations (retaliation is common)
- Revise Fairtrade's and their assurance providers' allegation procedures to comply with UNGPs on grievance mechanisms
- Ensure that on labour allegations, the investigator meets with relevant workers and unions
- Ensure that workers are involved in crafting the remedy and its implementation
- Ensure that workers committees have the right to suggest corrective measures
- Possibly to have a formal Fairtrade grievance procedure
- Worker's Committees of Fairtrade certified customers have a right of appeal against a finding of compliance in labour and occupational health and safety compliance criteria

FLOCERT welcomed the feedback and opinion of WRAC. It however clarified that the current Allegation Procedure is not designed to be a Grievance mechanism for farmers or workers, nor does it claim to be. The current allegation procedure is purely meant to support FLOCERT's assurance activities, and allow third parties to "whistle blow" errant organisations in the spirit of "shared monitoring". It is therefore designed to receive "assertion or assertions by a third party against a customer holding a Fairtrade certificate claiming that this customer is non-compliant with applicable Fairtrade Standards, or is in breach of policies "or other contractual obligations with FLOCERT. (<https://www.flocert.net/about-flocert/vision-values/quality-and-appeals/>)

Next steps:

Explore the feasibility of the recommended actions and the possibility of WRAC representation in the OC. Improve the allegation procedure or formulate an independent Grievance procedure during the partial review process of the RAP v2.0.

Item 9 FLOCERT'S allegation procedure

FLOCERT presented the summary of allegations and complaints received in 2018 to the OC. The definition of the allegation, complaints, appeal and review was explained; the procedure and objectives were described in the meeting.

Next Steps:

FLOCERT to send the analysis and the log of complaints and allegation to the AM for further analysis as part of the reporting requirements in the RAP 2.0.

Item 10 Assurance Provider's compliance –Fairtrade Label Japan



The AM presented Fairtrade Label Japan's (FLJ) self-assessment against the RAP 2.0. FLJ submitted their self-assessment together with all supporting documents by the deadline (31st of March 2019). The documents were provided in Japanese with an English google translation, clarification was sought and provided as necessary. After analyzing the evidence AM found partial gaps and identified one major non-conformity.

The AM concluded that FLJ despite of the one non-conformity, has presented a system that is overall in compliance with the RAPs 2.0 and which is reflected in their relevant policies, procedures and templates. To be able to have a closer look at the lack of separation in functions and the effects that it may have in the impartiality of their decisions, the AM recommends to the OC to endorse an on-site assessment for Fairtrade Label Japan, within 12 months as described in the OP.

The OC recommended however that due to the major non-conformity and the lack of a comprehensive corrective action plan, to postpone the on-site audit to allow FLJ to submit a corrective action plan that is sufficient to show full compliance with the RAP 2.0.

Next steps:

The AM to follow up with FLJ on the corrective action for the non-conformity.

On-site assessment to take place thereafter. The assessment of FLJ was requested to be back on the agenda in September 2019.

Item 11 AP Travel Risk and Assessment

FLOCERT provided an update on the travel risk areas corresponding to the requirements in the RAP v2.0. FLOCERT's Travel Policy has a reference to the Foreign and Commonwealth Office for travel advice and defines an internal risk assessment to be carried out to identify potential risks. This policy is the basis for the determination of travel risk. As a result, the list of countries/ areas is subject to change at any time. The remote auditing protocol and the risk classification was explained. The remote assurance is being tested now with customers in the following travel risk areas: Democratic Republic of the Congo and Burundi.

Next steps:

The OC requested to have the topic back as an annual regular update. FLOCERT to share the learnings on the remote assurance approach with the OC as a separate topic next year.

Item 12– AOB, Chair election and next meeting date, Closing

The OC members voted John Young as Chair and Miguel Mateo Sebastian as vice chair for a one-year term. The next chair and vice chair election is due in June 2020.

AOB: OC members requested that the papers and presentations are sent in advance of the meeting and that the schedule and the time allocated to the meeting should be adjusted considering the number and the type of topics covered, to allow more time for discussion especially for topics for decision.

Next OC meeting is scheduled for the 23 and 24 September 2019. Exact times and dates to be confirmed in due course.

Meeting is formally closed.