

## The Oversight Committee decision – To be filled by the Oversight Committee

This section confirms whether an application for an exception has been granted or rejected by the Oversight Committee (OC) and provides the rationale for the decision.

Please contact the (OC) at [assurance@fairtrade.net](mailto:assurance@fairtrade.net), in case of any questions

<b>Applicant name :</b> Senior Advisor Sugar, case referred by the Exceptions Committee	<b>Date:</b> 27.11.2023
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### Oversight Committee's decision

<b>Decision</b>	<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Not approved <b>The OC approves a Category B Exception, as on Collective*</b> *Collective Exceptions can be granted in cases when there are circumstances or a situation that affects all the operators in a region/country/product category and makes the full application of a Fairtrade standard requirement or requirements temporarily impossible ( <a href="#">Exceptions Policy</a> , v2.0; section 1.2.3)
<b>Date</b>	08/11/2023
<b>Reasons for decision</b>	<p>The OC approves the granting of two Category B collective exceptions for all certified clients producing and trading sugar:</p> <p><b>Collective exception 1. 'Flexible' Like-for-like rule for the exchange of types of sugar when mass balancing.</b>          Since the price of white sugar has increased, it is justified to temporarily allow the sourcing of white refined sugar to mass balance with unrefined brown sugar without the need for traders to demonstrate that the transaction was NOT disadvantaging producers. The assumption is, that since there is high demand for Fairtrade sugar, and the price of the white sugar has gone up, allowing this exchange will be tot he benefit oft he producer after all.</p> <p><b>Collective exception 2. Temporarily lifting the physical delivery rule in the single site mass balance requirement (TS 2.1.10).</b>          The Trader Standard requires certified operators trading in single site mass balance, that the Fairtrade inputs must be delivered to and processed at the same site where the Fairtrade output is processed. Traders should aim to use Fairtrade inputs to process or sell Fairtrade outputs. The collective exception aims to relax this rule for sugar to allow certified traders to buy Fairtrade sugar without the physical delivery of this same Fairtrade sugar to the processing unit.</p>

<p><b>Conditions</b></p>	<p><b>Collective exception 1. ‘Flexible’ Like-for-like rule for the exchange of types of sugar when mass balancing.</b> This exception is valid for one year from the date of this decision. It can be renewed once, after an evaluation in the first year. With the condition that the Sugar GPM monitors the prices of white refined sugar and unrefined brown sugar and reports back to the OC on any changes to the market in this matter. This is to ensure that the exception is revoked in case the market does not justify anymore the need for this practice. The Senior Advisor for Sugar needs to develop a system on monitoring the prices, and explain to the OC in a follow-up meeting which sources are used to analyse the prices.</p> <p><b>Collective exception 2. Temporarily lifting the physical delivery rule in the single site mass balance requirement (TS 2.1.10).</b> This exception is valid for 1 year from the date of this decision. It can be renewed once, after an evaluation in the first year. The certified buyer must legally buy the Fairtrade product from the Fairtrade supplier but then will be permitted to sell it to a non-Fairtrade buyer, while at the same time, certified trader would buy non-Fairtrade and sell it on as Fairtrade under the mass balance rule without the need to have the product physically delivered to the processing site. The buyer would need to take legal ownership of the product before selling on but would not take delivery i.e. possession. All the other requirements related to mass balance set out in the standard apply. The overall balance must be always positive.</p>
<p><b>Validity</b></p>	<p><b>1 year, from 27 November 2023 to 27 November 2024.</b> Certified customers have to proactively inform FLOCERT about the intention to utilise this exception.</p>
<p><b>Next Steps</b></p>	<ul style="list-style-type: none"> <li>• The Senior Advisor for Sugar to implement the action as described in the ‘Conditions’.</li> <li>• Assurance and Oversight team to schedule in a follow up session for 2024 to the Oversight Committee meeting.</li> <li>• The Oversight Committee to forward the conditions for the exception to FLOCERT, for compliance check during audits.</li> </ul>



On behalf of the OC  
John Young  
Chair