

Oversight Committee Minutes

Meeting 37: 18&19 March 2024

Teleconference meeting

Present:

OC members: Jules Colombo, Martin de la Harpe, Ben Huyghe, Richard Kwarteng, Thorsten Niklas, Marike de Pena (chair), Simon Wright

Fairtrade International S&P: Eleonora Gutwein, Margret Loeffen, Christine Knickelbein, Roxana Nietgen-Espinoza, Melissa Duncan, Sonja Altmann-N'Cho

Observers: Stijn Decoene (item 4), Mahault Thillaye & Jonathan Lanidune (item 7), Oksana Forkutsa, Yun-Chu Chiu & André Koch (item 8), Katharina Schwab (item 9), Reem Abourefaie (items 8-10)

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:

- Pilot for testing a new model of Fairtrade Premium investment → On the agenda for this meeting (item 2 – updates)
- Fairtrade Pilots SOP Learning and uptake → On the agenda for this meeting (item 11)
- Independent evaluation of Fairtrade International against the ISEAL Assurance Code → On the agenda for this meeting (item 2 - updates)
- Assessments against the Requirements for Licensing Bodies (RLBs) & audits: to be prioritized in 2024 → The process has started, and 5 LBs are planned to be audited in 2024.
- Hazardous Materials List (HML) exceptions: Standards Team (SU) to consider looking at the Flower specific chemicals and separate it out from the general list. → The senior project manager (SPM) is currently consulting on option of a separate HML applicable to flowers.

Item 2 – Updates

- Independent evaluation of Fairtrade International against the ISEAL Assurance Code:
The evaluation has been concluded and all non-compliances were closed. FI is now starting to implement the new ISEAL Code of Good Practice for Sustainability Systems ('the ISEAL Code' which is a merger of the former Standard-Setting, Assurance and Impacts Codes). The new code has been launched in March 2024 and the Fairtrade Scheme will have to be aligned to it by September 5, 2025, after which another independent evaluation will happen.
- Trading with Integrity: The workstream is a priority for 2024. A dedicated Task Force with members from Producer Networks (PNs), National Fairtrade Organizations (NFOs), FI (Standards, Global Product Management, Assurance teams) and FLOCERT will continue working on identified unfair trading practices by implementing the agreed action plan which focuses on improving standards, assurance, capacity building and digital monitoring. It is further planned to have one workshop with producers and traders every year to identify new practices or other changing practices and to adapt the mitigation plan accordingly.
An OC member emphasized the importance of including the two new aspects of the new due diligence laws and the Fairtrade Organization Code into the workstream.
- Pilot for testing a new model of Fairtrade Premium investment: The pilot was presented to the FI Board. The Board didn't make a formal decision, but they were informed that if they didn't decide, the OC's decision would stand, which they agreed with. Therefore, the pilot will continue under the OC's guidance. The Board asked to receive more information on the risks of the pilot, especially around consumer communication.

Item 3 – Oversight & Compliance

FI's new Head of Oversight & Compliance (O&C) presented the new O&C team which has been established at FI to further develop FI's compliance management system including compliance with external rules and internal policies, such as the Fairtrade Organization Code. In addition, the team will provide support to the members to enable a global compliance framework for the entire Fairtrade System (e.g. via monitoring process of implementation of the Fairtrade Code and providing guidance). It will work in close collaboration with the Global Compliance Expert Group (two NFOs, two PNs, FLOCERT and FI) under the oversight of the Governance Committee and the FI Board.

The O&C team is part of the Legal Affairs unit and currently consists of 3 members, the Director of Legal Affairs, the O&C Head (former Assurance Manager) and the Oversight & Assurance Coordinator. An additional team member for the regulatory compliance and complaints management is still to be hired.

The main areas of work in O&C have been merged and consist of 6 pillars:

- Oversight on Certification (Assurance)
- Oversight on NFO Licensing
- Complaints and Allegation management
- Fairtrade Organisation Code Implementation
- Member support on compliance and oversight matters
- FI corporate compliance/Internal control

Discussion:

The OC saw merging compliance and oversight responsibilities as an opportunity but raised concerns about decision-making and potential conflicts. The need for clear scope to avoid potential conflicts was discussed. An OC member suggested to see the merger as a pilot, focusing on opportunities and suggested ongoing reporting on progress and challenges. The Head of O&C will present a rough plan by year-end. The OC

also requested more background information on the Fairtrade Organization Code for OC members. The Head of O&C clarified that the merger won't increase oversight's workload but aims to streamline processes for members by having one set of rules and controls and not have to focus on different areas separately.

Item 4 – Oversight workplan 2024

The Head of O&C presented the Oversight workplan for 2024. In addition to the usual responsibility of overseeing the Fairtrade Scheme, the O&C team will work on the following priorities:

- Implementing the new merged ISEAL Code of Good Practice for Sustainability Systems ('the ISEAL Code').
- Ensuring LB's compliance with the RLBs 2.0 by completing the LB self-assessments, followed by auditing five LBs, and developing a 4-year plan for regular assessments and audits.
- Ensuring FLOCERT's compliance with the Requirements for Assurance Providers (RAPs) and making it more efficient by combining the RAPs audit with the ISO 17065 audit.
- Leading the Trading with Integrity Task Force to identify and address unfair trading practices.
- Developing a plan for monitoring exceptions and detecting inconsistencies.
- Developing a plan by the end of 2024 on how to harmonize processes between the RLBs and Fairtrade Code.
- Developing a first draft of a new model for licensing and certifying South to South sales.

Discussion:

The question was raised on the selection of the five LBs that will be audited in 2024. A risk assessment will be conducted to identify the LBs that will be audited and a more detailed update on the RLB assessments will be provided at one of the upcoming OC meetings.

A member emphasized that PNs need to be included in "South to south" licensing project. The project is still in the planning phase and project members from PNs will be identified.

A question was raised if there was update from the FI Board on certifying in conflict areas. It was acknowledged that the topic needs to be prioritized as affected producers are waiting for communication, so they know what to do. The Head of O&C will follow up. The topic will also be brought up at the next FI Board meeting.

Item 5 – FI License agreement

FI's Senior Legal Counsel gave a short overview of the new Fairtrade Member license agreement which is an agreement concluded between FI and each NFO. The right to sub-license Fairtrade trademarks is already given to the NFOs by the FI constitution and the license agreement describes the Licensing relationship between FI and NFOs by giving further conditions on how NFOs can sub-license the Fairtrade trademarks and use the Fairtrade brand.

The former agreement needed to be updated to include the Certification Mark, the Licensee Allocation Process (LAC), the RLBs, the Fairtrade Organization Code and a link to the global license contract. The agreement also outlines FI's responsibility as trademark owner, for trademark protection and registrations, and to protect Fairtrade's brand reputation.

From January to February 2024, the Legal team conducted webinars and further consultations with the NFOs to explain the new agreement and its clauses and to clarify questions to make sure that there is an agreement, and also an understanding of the contract.

It is aimed to conclude the signing by end of March 2024.

Discussion:

The question was raised if the license agreement should be updated more frequently, considering the evolving nature of contracts and agreements. The Head of O&C emphasized the complexity of frequent updates and proposed a strategy of limiting the License Agreement's scope. She suggested creating separate agreements for additional topics or projects, avoiding the need for frequent updates to the main contract and streamlining the process.

Item 6 – Hazardous Materials List exception

The Head of O&C presented a case for learning purposes, about an exception request that was received by FI SU, and was discussed with the Head of O&C. The exception was for a use of chemicals on the HML Red List under the general rule for exceptions, justification of use because of pest outbreak, exceptional circumstances. The chemical was used on young plants that were in scope for Fairtrade certification but was not intended for Fairtrade Markets. The Producer was informed during the audit by the auditor that it is ok to use the chemical if the young plant is not intended for Fairtrade markets.

The Head of O&C, in consultation with the SU SPM responsible for the HML, had found many challenges and gaps with this request. According to the Hired Labour Standard, chemicals cannot be used on any crop in scope of the Fairtrade certification, regardless of whether intended for Fairtrade markets or not.

'5.2 Pest Management

Intent and scope: This section intends to minimize risks from the use and handling of pesticides by encouraging a reduction in the amounts of pesticides used, promoting the use of the least toxic pesticides as economically and technically feasible, and implementing and improving an integrated pest management system.

Pest management requirements are applicable to all crops that the organization is certified for and also to the fields where they are grown.

This means that the use of forbidden pesticides on the certified crop(s), even if not intended for the Fairtrade market, is not allowed.'

The Head of O&C informed the OC, that the exception request was denied on the basis of 'no ground', as the Exception Policy does not allow exceptions that are based on misinterpretation of the standard. Also, the exception request did not have information if the producer made any effort to try other alternative ways of pest control, which in general is a condition for exceptions for a Red List material. It was also established that the request was not due to an exceptionally difficult situation, producer did not understand the standard requirement and the auditor did not audit the requirement according to its intention, hence giving incorrect information to the producer.

The Head of O&C presented learnings based on this case, as it was an example of a case when there were several instances of misinterpretation of the rules. The Head of O&C found that there should be a follow-up audit to check if the HML is applied correctly. Furthermore, there has to be more capacity building for PNs, NFOs on the HML list and the intention of the Standard. There is a need to improve auditor training so that the Standard is audited according to its intention. And last but not least, there is a need for more focused services from the PNs to the producers when it comes to pest management, be it understanding the HML list or supporting finding alternatives for the prohibited materials.

Discussion:

The OC in general agreed with the course of actions from the Head of O&C and the learnings identified. A member of the committee raised a concern that it is indeed an issue that there was no understanding from the auditor hence the application of the rule was not correct. It was mentioned that in the eyes of the

producer, the auditor is an expert. There were discussions around how the scope of the HML can be interpreted differently, however, at the end it was concluded that the Standard is quite clear in this matter, hence no follow up action required in terms of changing the Standard. However, there was additional follow up action suggested, regarding the exceptions, that PNs need to provide training to producers not only on the Standard requirements, and the HML, but also on the exceptions process.

Item 7 – Shea nuts NEM pilot approval request

Fairtrade Foundation (FTF) identified a demand for shea kernels in their market and possibly in the EU market, but currently only shea butter can be Fairtrade certified. Defining a Fairtrade Minimum Price for kernels would bring shea kernels into the scope of Fairtrade certification. This would make it possible to process the Fairtrade kernels in factories that can guarantee more uniform shea butter quality required for use in EU food industries and of preference to large cosmetic companies. A kernel price would also allow an interested company to source organic kernels from organic certified parklands, which are then processed locally against a tolling fee. A group price using the New Economic Mechanisms (NEM) approach is proposed to be developed based on Cost of Sustainable Production (COSP) collected with support of Fairtrade Africa (FTA). The OC is asked to decide on this pilot to set a NEM price for shea kernels.

Shea butter is only produced in Africa from the kernel of the shea fruit. This is often done by hand by local women groups or in artisanal local factories, which does represent an opportunity for value adding and empowerment of rural African women. For this reason, Fairtrade took the decision in 2010 to limit the scope of the Oilseeds and Oleaginous fruit Standard only to shea butter (and not the raw material, the shea kernel). Fairtrade has a Fairtrade Minimum Price (FMP) and Fairtrade Premium (FP) for shea butter since May 2010, for conventional at both FOB and EXW level and for organic at EXW level.

The pilot objective is to set up two NEM group FMPs and FPs for shea kernels: one for conventional and one for organic shea kernels to allow producers to access the kernel market, while monitoring the impact of this on Fairtrade shea butter sales volumes.

In addition, but technically outside the scope of the pilot, the NEM approach will allow the Pricing Unit (PU) to review the kernel price based on the submitted COSP data. This is important to assure the relationship between the kernel and butter price is correct. The detailed budget plan and pilot timelines were also presented to the OC. The budget is based on estimates and is subject to change.

This pilot fits in with the strategic pillars of growth and innovation and shifting the balance of power, because POs would be driving the Price setting.

Pilot duration: 4 years: March 2024 to March 2028

Project Manager: Business Engagement Officer at FTF

The FSI label is proposed to be used with the on-pack claim that the product is part of a pilot, and a link would be added to provide access to more information. The final claim and artwork would be developed and approved by FI Brand Integrity.

Pilot scope: all Fairtrade certified (based on the production region West-African) producers that work with shea will be invited to participate in the pilot and to submit their COSP. All existing shea butter producers can thus join the pilot by opting-in, that is by explicitly agreeing to the pilot conditions.

When producers opt-in during the pilot (i.e. not from the start), the existing FMP and FP will apply until the next (annual) NEM review, in which their COSP will also be considered and then be part in the price setting process.

Currently, 10 producers could be in scope: (certified for shea butter), which includes 7 producers in Ghana and one producer organisation (PO) in Ivory Coast, one in Mali and one in Burkina Faso.

In this pilot the main difference in applicability of the Standard is the definition of shea in the Fairtrade Oilseeds and oleaginous fruits Standard. In this pilot the kernel itself would also be traded.

If the pilot is successful the proposal from PU is to add the last FMP and FP to the Pricing table, and to continue to regularly request POs to submit COSP to assure the prices stay up to date. During the pilot the Price will not be added to the Pricing table.

PF Evaluation of the pilot:

The Pilot Facilitator appraised the pilot with a 76% feasibility.

A pilot with NEM group prices for shea kernels is considered the best option to test whether this will have a positive impact on producers, while mitigating the risk (of reducing Fairtrade shea butter volumes).

Discussion:

A question was raised to understand the supply chain and the risk of competition. It was clarified that the producers producing the shea butter are the same as the ones who are producing kernels. Most of the Shea fruits are wild harvested, and then the fruit is taken off so that the kernel remains, and that kernel can be hence produced usually by women into shea butter. A great proportion of the kernels is not sold under Fairtrade conditions, because there's limited capacity to process all the butter and also limited demand from the traders. It's generally different traders that trade in shea butter, which is more of a niche market as opposed to the kernels. Some of the processing factories are in the Global north, and others can also be in the country of production.

A member of the committee agreed that value creation in the producing regions is key, and even if currently this may be a challenge, longer term this should be the focus. Fairtrade should be working on returning this value to the people who are producing the kernels. It was asked if there was an opportunity to build that into the pilot to look at opportunities for developing the skills and the resources necessary with these groups to do it themselves.

There was a question around what the price difference between the Fairtrade price and the conventional price is. It was then clarified that it is difficult to say, as price varies for both kernels and butter depending on regional realities. However, in this project both prices, for the kernels and the butter is planned to be reviewed based on the COSP.

There was a concern raised around the certification of one of the producers' set-ups, that had the most potential, also on the capability and willingness to get organic certified. This would need to be clarified during the project, nevertheless, this producer set-up has already requested a gap analysis to understand better where they are with complying with the Fairtrade Standard and the trader had reserved some resources to support the producers if the project goes ahead.

It was suggested that the NEM for setting FMP should be on group level, that all the certified organization together would discuss costs and propose pricing. At least at a regional level.

Decision:

Decision 1. The OC unanimously approved the pilot, for

a) a NEM Price to be developed for West-Africa with the condition that all the West African shea butter producers have an equal opportunity to be included in the pilot, as well as in the price discussions, when the cost of production are being collected.

and

b) that the Pilot terms and conditions are clear enough (in pilot terms and conditions) for the Assurance Provider before pilot implementation (7 votes)

Next steps:

Timeframe	Tasks
March/April 2024	Finalizing pilot documentation and pilot announcement
March - August	COSP collection, price validation, price setting and pilot agreements
September 2024	Monitoring update to the OC (limited data)
August 2024	Pilot launch (implementation phase starting)
March 2025	Qualitative progress update to the OC
September 2025	Monitoring data update to the OC
Marc 2026	Qualitative progress update to the OC
September 2026	Monitoring data update to the OC
March 2027	Qualitative progress update to the OC
September 2027	Monitoring data update to the OC
December 2027 – February 2028	Appraisal
March 2028	Appraisal decision OC

Item 8 – Fairtrade+ pilot plans approval request

The Fairtrade+ pilot aims to test a set of criteria based on which certain Living Wage (LW)/ Living Income (LI) claims can be made in partnership with a licensee. Those criteria can then be confirmed or refined during the pilot and in the future, it could serve as the basis for an add-on Standard or Standard criteria on LI/LW claims. The objective of developing such Standard criteria for LI/LW claims is to provide a formal option for recognizing payments exceeding the requirements in the Standards, while assuring that the recognition is uniform across markets.

The principle of this pilot has been endorsed by the FI Board, and the Oversight Committee was asked to approve the pilot plans and invited to provide strategic guidance on this pilot.

Fairtrade has to assure that any claim (on-pack or off-pack) is clear (and not misleading) and evidence-based. There is an interest from commercial partners to make claims related to LI/LW. However, ensuring a correct claim is challenging and to ensure a level playing field it is important to be specific on which claims are possible under which conditions. The pilot will make a start by setting criteria to test a labelling solution with one Fairtrade retailer. This commercial partner has been committed to Fairtrade and offers a wide range of over 1'300 licensed products including almost each and every commodity available in the Fairtrade system, except for cotton. The wide range of products and the long-term relationship, makes it easier to identify supply chains in which the approach can be tested, without the need to develop new Living Wage Reference Prices (LWRP) or Living Income Reference Prices (LIRP). Details on the supply chains on which the model will be tested would have to be agreed with the licensee.

Pilot details

Proposed project Manager (PM): Senior business development manager and account manager at Max Havelaar Switzerland.

Pilot duration: The pilot is proposed to have a duration of three years.

Most of 2024 will be used to develop the criteria, followed by over two years of implementation to test the approach and evaluate it against defined targets. It is expected that implementation can start at a small scale in November 2024 (maybe one PO product and limited geographical scope, i.e. sourcing countries) with additional origins and products to be added in the course of 2025 (based on already available LIRPs)

/LWRPs). The detailed plan about what product range to start with and eventually extend to is subject to the common definition with the licensee as one of the first steps upon OC approval of the workplan. A detailed budget is still needed for this pilot and will be developed. Most costs certainly would consist of staff time and additional verification costs.

Objectives: In terms of producer impact the positive result would be higher incomes per product sold, rather than additional sales, at least during the pilot. Beyond the pilot is to be determined how much additional investment can be expected from existing commercial partners that would qualify for the additional recognition. At the producer side additional verification is to be expected to confirm the progress made towards closing the gap to the LIRP/LWRP. Details of this are to be based on the existing approach used by the licensee, but during the criteria development the criteria will be consulted on more widely and might need to be refined based on the stakeholder feedback. The objective on the pilot is, in line with the condition set by the FI Board, to finalize criteria for global and not local-only application. Elements such as the required sourcing commitment (duration, volume) and the extent to which the Fairtrade Premium can be counted towards closing the LI/LW gap in line with the Standards, as well as requirements for distribution of paid differentials would have to be developed during the pilot, i.e. in the coming months.

Labelling: The first draft label for this pilot has been developed (subject to legal approval of this solution and potentially to a quick market research for assuring the understanding of the consumers). It is to be determined whether this label can be used on-pack and whether it is possible in combination with the recognition label to add an arrow to point to more information on this pilot online, through a URL/QR code in the claim. Pilot should be listed on the Fairtrade website (fairtrade.net/pilots) and included on the impact map to ensure transparency. The FI Brand Integrity manager will lead on the development of the final labelling solution.

Fairtrade will test criteria for potential LI/LW claims. The criteria will have to consider multiple elements: claims typologies, legality, market incentives/response, and transparent calculations and communications based on evidence.

PF Evaluation of the pilot

The Pilot Facilitator appraised the pilot with a 76% feasibility.

Pilot is feasible, but success will depend on ability to agree internally while retaining commercial interest. Meaningful PN and NFO involvement will be important.

Discussion:

One OC member raised a concern around the implications of the pilot. It was found that the title/label Fairtrade plus is not ideal. Also, having these harmonised criteria would mean a lack of flexibility. Furthermore, the proliferation of claims may not be that negative when it's all about understanding local markets and making sure that the offer is positioned accordingly. It was then added that while this may be acknowledged, the pilot project and the proposal to have one claim would not have an implication to the current LI/LI in a sense that those would need to comply with this addition to the Standard. The pilot objective is to define and offer one claim that is more regulated, verified and applied on product packaging, or at least one claim for LI/LW to ensure a more unified approach, hence be more efficient when offering these additional services.

A question was raised if there was a plan that the cost of sustainable production also includes the living wage and if this happens, how the 'Fairtrade+' would be justified. If the project is successful and the add on would become part of the Standard, that would with time just become the norm again. Regarding the plan to incorporate LW to FMP, the Pilot Facilitator did not know about a deliberate strategy to set them at a certain percentage of the LIRP or the LWRP. The setting of the FMP and the LIRP/LWRP follows a

different methodology. Also, LIRP/LWRP are regularly reviewed and updated and corrected for inflation. Therefore, according to the PF, it is more likely that both levels would evolve and increase over time and not that they would come to the same level.

It was also mentioned and agreed that the number of products should be limited in this project. If too many products and countries are in scope it could become unmanageable. The capacity to develop all the prices and at the same time the capacity of the partner to absorb this volume.

There was a concern that if the project lasts for three years and there is communication about the claim, that other commercial partners would also be interested before the pilot ends. It was confirmed that there would likely be communication by the licensee during this pilot as this is the essence of the project. According to the PM communication would only be possible after the payments towards the LI/LW are done. Regarding the reaction of other partners not participating in the pilot would need to be managed by the NFO leading the project. Also, there is a risk, if the project is not successful and it suddenly stops, what would be the implication to the producers. The pilot should also consider this.

One member mentioned that it is a good idea to introduce a new way of verifying LI/LW payments and to provide verified information to the companies. However, the concern was raised about the on pack labelling solution if the understanding by the consumers of what LI/LW means was tested. Also, if there would be a possibility for a different claim or off pack. It was clarified that determining what the solution will be and what claim is possible is part of the pilot, as well as testing the label with consumers.

One of the PN representative mentioned that they are supporting the idea of developing an add-on set of requirements for the LI/LW work, this would then help to reduce the burden for those producers who do not want to or cannot participate. However, it was also mentioned that the volume planned to be sourced have to be sufficient so that producers stay interested in complying with additional criteria. PNs play a key role here to work with the POs to make sure the benefits of such projects, initiatives reach the workers and the farmers. It was found that this key role was missing from the pilot proposal, hence it is requested to be added. Also, there was a concern raised on the labelling, that it may be very risky as it is proposed at the moment. It was mentioned that since there are several projects already running with retailers on LW/LI work.

Since most of the committee members had concerns around the communication and labelling it was agreed to put forward two modified decisions for the pilot approval.

Decision:

Decision 1. The OC unanimously agreed to approve the pilot in principle as a feasible project.

Decision 2. The OC unanimously agreed to set a condition for final approval, for when the details are worked out and presented to the OC, including communication and label use, product category and country. No launch is possible without final approval.

Next steps:

Timeframe	Tasks
April/May 2024 TBC	Pilot announcement webinar (internal)
March - July 2024	Development, consultation and finalization on criteria for LI/LW claims
July - October 2024	Finalizing pilot documentation
September 2024	Monitoring update to the OC (in 2024 not yet with monitoring data)
November 2024	Pilot launch (webinar / online meeting)

March 2025	Progress update to the OC
September 2025	Monitoring update to the OC
Marc 2026	Progress update to the OC
September 2026	Monitoring update to the OC
January – March 2027	Appraisal
March 2027	OC pilot appraisal decisions

Item 9 – Young Plant pilot

The OC was reminded of the details of the young plants pilot in which European growers are not required to be Fairtrade certified in the supply chains of a German licensee, who paid an additional FP of 1 cent per young plant. The objective of the pilot was to increase the number of plant varieties (to achieve year-round supply) and sales volumes, on which targets are expected to be reached. The PM already learned that the effort required to assure volume verification by the importer and licensee is however not considered to be scalable. Especially due to retro-certification at the European grower level it is complex to audit plant volumes and the additional payment of the voluntary FP of 1 cent adds to the complexity. FLOCERT is conducting a verification of the model in the coming months and results would be available around May. The supply chain actors would have to know by mid-2024 which pilot conditions apply from January 2025 onwards to plan accordingly. It was therefore proposed to bring the pilot appraisal forward and present the appraisal in June 2024 to the OC for decision making, which is in the interest of all stakeholders.

Discussion:

An OC member asked questions on whether the existing pilot would be adjusted or a new pilot would be started. The PF clarified that a new pilot application will be required to conduct the peer review process, because the pilot conditions will be proposed to change. The OC also had questions on how the objective of having long-term contracts is dealt with in cases of pilots, which by default have an end-date, which implies a certain uncertainty for producers. It is clarified that the appraisal (to be presented by the PM in June) will always include an exit plan, including probably in most cases a transition phase to the future model (which can for pilots in principle be closure, further research or out-scaling). The OC recommended in the future, when planning pilots, to plan the appraisal timing in relation to the length of the supply chain.

Decision:

The OC accepted the proposal to bring forward the pilot appraisal to March-May. The appraisal results will then be presented to the OC in June 2024 for a decision on the future of the current pilot.

Guidance:

The OC was informed that the PM is in the meantime preparing a new pilot application for a new young plant pilot to start in 2025 and the plan is that that proposal will also be presented to the OC in June for decision making. The essence of the proposal is to bring the European growers back into the scope of Fairtrade verification, but limited to volume verification at the EU grower level. The OC was requested to provide guidance on the new pilot ideas. OC members recommended inclusion of European growers with an appropriate level of traceability. One member suggested to explore the option of subcontracting the outgrower stage. I was also requested to present a mapping of hazardous material lists applied in the pilot and by Fairtrade and a related proposal for risk mitigation as part of the application. The OC would also appreciate a clear overview of producer benefits, including expected annual FP income for the pilot and if applicable a price difference for producers and ideally a (secured) volume commitment and data on the commercial market potential beyond the pilot. One OC member recommended engaging with the breeding companies that own the plant material.

Next steps:

Timeframe	Tasks
March – May 2024	Appraisal and new pilot application
June 2024	Appraisal decision and decision on new pilot to OC

Item 10 – Update on ongoing pilots

The PF updated the OC on all ongoing pilots.

Discussion:

The OC asked how the oversight on the North-north projects on tomato and blueberry is currently organized in relation to the update on the French North-north project and possible future handover to the Innovation Hub.

For pilots in general there was the learning that in future an automatic closure might have to be considered in case a pilot would not be active for a certain period.

Item 11 – Pilots SOP Learning and uptake

The PF informed the OC that due to other priorities the review of the Pilots SOP is only starting now, with a small survey to key stakeholders planned to go out in Q2. Outcomes of the review would come to the OC for decision making. The OC was informed of topics included in the review and requested for guidance. The PF also mentioned that a webinar is scheduled for April to raise awareness on the pilots SOP and New Economic Mechanisms and that the Executive Director would also support raising awareness of the pilots SOP at the FET and amongst the NFO CEOs.

Guidance:

OC also gave guidance on the information needed and desired for decision making. One member expressed the desire to allow applicants to contribute to the meeting at least for part of the presentation and for transparency to allow them to observe the discussion, but possibly not attend the voting. A realistic overview of all risks, including legal ones with an indication of the importance and likelihood of each risk is also proposed. Another OC member proposed to also present a risk assessment for alternative decisions, e.g. non-approval. The OC also reflected on a possible limitation to the number of pilots and only allow pilots for approval for which the market potential is certain. The OC was also asked to reflect on more concrete decision-making criteria for the committee. One OC members suggested that it would be good to understand all changes required compared to conventional and the combined cost impact of those. Other added that factors such as market acceptance, which is also affected by the length of the engagement and scale also influence and a case-by-case assessment is required for pilots. Finally an OC member flagged that more pilots coming from producers would be good and the importance of considering the producer perspective on benefits. A structured survey will be developed by the PF to collect inputs for the SOP review. An OC member asked to assure the people working on Standards at the PN are included as well as the OC itself.

Next steps:

PF will develop the survey and share with key stakeholders, including the topics and recipients suggested by the OC.

Item 12 – Vice Chair Election

The previous vice chair's term on the committee had ended and therefore OC voted on a new vice chair: Ben Huyge.



Item 13 – AOBs

There was no AOB discussed during the meeting.

Next Meeting date:

The next Oversight Committee meeting will take place on

- June 24-25

The meeting was formally closed.