

Terms of Reference for Fairtrade International Oversight Committee

Version 2.0

Approved by the Standards Committee on 05.06.2019

1. Constitution

1.1 In accordance with its Terms of Reference, the Fairtrade International Standards Committee (SC) establishes the Oversight Committee as its permanent sub-committee; hence the Oversight committee is accountable to and reports to the Standards Committee.

2. Mission

2.1 To oversee Fairtrade' System of assurance and licensing processes in order to increase transparency, confidence in outcomes, objectivity and impartiality.

3. Responsibilities

3.1 Establish the oversight mechanism and periodically review its effectiveness.

3.2 Define the necessary elements that each assurance provider and licensing body must implement in order to achieve a comparable level of quality across all assurance providers and periodically review their effectiveness. This is reflected in the Requirements for Assurance Providers (RAPs) and the Requirements for Licensing Bodies (RLBs) respectively.

3.3 Define how compliance with RAPs and RLBs must be proven, check the evidence, issue corrective action plans and ultimately decide if compliance is achieved or not. When compliance is not achieved propose to the Board removal of the right to perform assurance and/or licensing activities for their decision.

3.4 Ensure impartiality for all assurance providers and licensing bodies by: a) receive and evaluate reports from system-wide independent and/or anonymous sources, b) receive and evaluate reports from assurance providers on their risks to impartiality and their mechanism to address them and making recommendations/ requirements to change process as necessary. It can serve, if so chosen by the assurance provider or licensing bodies, as the Impartiality Committee, the procedure is defined in the Impartiality Policy of the Oversight Committee.

3.5 Hearing assurance quality and competence complaints or allegations when the interested party is not satisfied with the assurance provider or licensing body's response to an appeal, complaint or allegation; acting upon the complaint or allegation without being able to interfere in certification or licensing decisions. Process is defined in the Second Instance Complaints and Allegation Procedure.

3.6 Monitor and investigate specific assurance and licensing issues of relevance for the Fairtrade System and define how effective the current rules and ways of working are and the level of consistency that is applied throughout the system in order to implement changes in assurance and licensing operations or to recommend changes to other functions (standard setting, programmatic support, impact evaluation, finances, etc.).

3.7 Discuss particular assurance and licensing closed cases and open topics for harmonization and learning purposes.

3.8 Make recommendation to the SC regarding equivalency and/or credibility of assurance, oversight and recognition of assessed schemes. Procedural requirements of recognition and decision-making are described in the Recognition SOP.

3.9 Have an oversight of exceptions against standards and policies granted in the scheme, in line with the Exceptions Policy.

4. Reporting

4.1 The OC is a permanent subcommittee of the Standards Committee and hence ultimately reporting to the Fairtrade International Standards Committee providing updates on a regular basis, and a written comprehensive report annually. OC chair reports him/herself to the SC or delegates the reporting to another person.

5. Governance

5.1 Appointment: All OC members and their substitutes are appointed by the SC. The SC can at any time revoke the appointment of a member or a substitute of the OC if membership criteria or member's responsibilities are not met. The SC needs to state the reasons for any revoke.

5.2 Membership: The OC shall comprise of a minimum the following representation:

- a. Standards Committee members drawn from producers, workers and traders' representatives.
- b. Three technical members (and three substitutes):
 1. One representative and one substitute from Fairtrade Licensing Bodies that do not perform certification.
 2. One representative and one substitute from an Organization performing certification or a representative who has significant knowledge in certification.
 3. One representative and one substitute from FLOCERT.

Each member is proposed via an internal call by the respective organization(s) being represented. If organizations do not agree on representation the SC will select from the different candidates based on competencies.

The SC members shall constitute the majority of the OC.

5.3 Term:

- a. Member of the OC that are also SC members may serve for as long as they shall serve as members of the SC.
- b. Technical members of the OC shall serve for up to three years, with an optional extension, except that no member may serve more than two consecutive terms without a gap of at least three years. A member can serve for a shorter period as determined at the time of their appointment by the SC or in case of a resignation. The resignation has to be submitted in writing to the chair or the vice chair and announced at the following OC meeting. In case

of resignation, members are asked to serve on the OC until there is replacement found, but up to a maximum of six months from the time when the resignation was announced.

- c. Once a member does not represent a stakeholder group anymore the membership automatically stops.

5.4 Chair: The OC shall appoint a chair and a vice chair. The chair and the vice-chair are elected for one year with the option of renewal. In case of the resignation of the chair, a new chair shall be appointed as soon as possible.

5.5 Frequency of meetings: The OC shall convene on a required basis and at minimum twice a year. Meetings will be held remotely and in person. Remote meetings will be preferred. In person meetings shall be held preferably at a time and place adjacent to a meeting of the Standards Committee.

5.6 Remuneration: Membership in the OC is an honorary position. Fairtrade International reimburses reasonable economy travel and accommodation costs upon submission of original receipts and, where applicable, an invoice. Members of the OC that are also SC members follow the same remuneration agreements as for services at the SC.

5.7 Decisions and quorum: The OC shall seek to achieve decisions by consensus. If the OC chair feels that consensus is not achievable, the chair will ask the OC members whether further discussion could lead to consensus. In particular, if the most affected stakeholders are in opposition to the proposal they actively propose options that are more likely to reach consensus. If consensus cannot be reached, decisions shall be made by majority vote of the OC members present. In case of a tie the vote of the chair will decide. In case of a tie and of absence of the chair, the vote of the vice chair will decide. In case of a tie the chair or (in his/her absence) the vice-chair cannot abstain.

A presence of the majority of the members of the OC shall be considered a quorum for the purposes of approval of decisions. Proxy votes are possible but not mandatory. However, one person may only assume one proxy vote. Proxy votes need to be presented to the chair in writing.

5.8 Conflicts of interest: When a decision the OC has to take, constitutes a conflict of interest for one of its members, the member may be excluded from any voting on this decision and can be excluded from the discussion by majority vote. The member will be excluded should it prove to be impossible to manage the conflict of interest effectively otherwise. The exclusion of an OC member from voting due to a conflict of interest does not affect the pre-determined quorum. Conflicts of interest need to be announced by the relevant member when the agenda is agreed upon at the opening of the meeting, or before the discussion starts for any topic not included in the agenda. Declaration of conflicts of interest lies in the responsibility of the members but all OC members are encouraged to raise concerns they might have about the potential conflicts of interests of other members. A conflict of interest exists for example, if the OC deals with the compliance of the organization represented by the member.

5.9 Confidentiality: OC members acknowledge that all information received and disclosed in the OC is considered confidential information and should not be circulated outside the OC unless otherwise agreed by the OC and in line with the data protection regulations. Confidential information is understood as all information and documents gathered during the course of involvement in the OC. The Chair may decide and will be accountable for disclosure of information to a defined audience on a need to know basis. In case of breaches of confidentiality, the OC may request the SC to withdraw membership of the respective member with immediate effect. For all information two levels of confidentiality exist:

“high”: means that no distribution is allowed other than within the OC. High confidentiality level must be clearly indicated on written information or clearly stated during oral conversations. The outcome of

decisions is confidential and the information in the minutes should be disclosed in a way that no entity or person can be identified.

“normal”: means that the information is considered not to be circulated outside the OC, however in case of further consultation needed to accomplish with the OC tasks the information may be distributed for that purpose to Fairtrade International stakeholders. The outcome of decisions is confidential until minutes are circulated to OC members;

5.10 Evaluation: All members if possible shall undergo an evaluation process at least every two years against criteria established in these ToR. The evaluation is done by the Chair (in the case of the Chair by another member). If the evaluation shows that a member does not comply with the criteria anymore, the OC may ask the SC to withdraw the member’s appointment.

5.11 Subgroups: The OC may create subgroups to research specific issues reporting back to the OC. Such groups are composed of at least one SC member and can include other experts.

5.12 Observers and advisors: Meetings of the OC shall be closed (with the exception of secretarial support and permanent observers to the SC) and confidential, however the Chair of the OC may allow observers and advisors as it deems appropriate. Observers and advisors will need to follow confidentiality rules.

5.13 Minutes: Minutes shall be taken of all meetings, including the decisions taken, in cases when decisions were not taken by consensus the voting results should be documented. OC discussions are recorded for internal purposes and these recordings are kept for 10 years. OC members receive the minutes within 21 days after the meeting and the minutes are approved shortly thereafter by the chair. Once formally approved the minutes shall also be made publicly available.

5.14 Further regulations: The OC may develop further procedures to govern its activities. If so these activities shall not contradict the terms of reference, and the SC shall be informed of any key decisions taken which govern OC operations.

5.15 Authority of SC Terms of Reference: The OC shall follow the SC ToR regulations when facing situations that are not addressed in the OC ToR.

6. Criteria for membership

6.1 OC members shall be appointed by the Standard Committee based on the following criteria:

a) For Standards Committee members:

1. Current membership in the Standards Committee.
2. Familiarity with ISO / IEC 17065 and the ISEAL Assurance Code.

b) For technical members:

1. Track record performing oversight, licensing or certification for social and/or environmental standard schemes.
2. Five or more years’ experience with certification, licensing or oversight processes.
3. Experience working with multi-stakeholder initiatives.
4. Understanding of assurance risks and social, environmental, human rights, labor, sustainability, and/or ethical issues.
5. Familiarity with ISO / IEC 17065 and the ISEAL Assurance Code.
6. Alignment with Fairtrade International mission and values of integrity, impartiality, confidentiality, stakeholder responsiveness, and continuous learning.

7. Declaration of manageable conflicts of interest.
8. Ability to communicate easily in English

7. Responsibilities of the individual members

7.1 All members of the OC shall duly represent the interests of the Fairtrade System and shall serve in an individual capacity.

7.2 All members of the OC shall fulfil their tasks in a timely, objective, impartial, and non-political manner, and shall keep confidential all information submitted to them in their capacity as members of the OC.

7.3 All members shall regularly attend the meetings of the OC, be properly prepared and shall contribute to the follow-up actions as agreed and/or mentioned in the meeting minutes.

7.4 All members are obliged to contribute to the knowledge transfer and to the induction of their respective successors on the OC for a period of six months following the end of their term on the OC.

8. Secretarial support

8.1 The Oversight Committee will receive secretarial support from Fairtrade International staff to perform their functions.