

Oversight Committee Minutes

**Meeting 43: 29 July 2025, 15h00
Teleconference meeting**

Present:

Oversight Committee (OC) members: Ben Huyghe (chair), Richard Kwarteng (vice chair), Marike de Pena, Jules Colombo, Simon Wright, Theresa Glammert-Kuhr, Arun Ambattipudi, Selene Scotton (apologized for the meeting).

Fairtrade International (FI): Eleonora Gutwein, Sonja Altrock N'Cho, Sylvia Yousofi

Presenters:

Observers:

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. Consent for recording the meeting was obtained.

Agenda: The agenda was agreed upon unanimously. No additional (AOB) items were brought up.

Conflict of interest: FLOCERT declared a conflict of interest for the topic. No further conflict of interest was declared.

Proxi votes: In case of absence, proxi votes can be distributed to other committee members. The proxi vote from Selene Scotton was handed to the chair.

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:

Except the 2nd instance complaint there were no other outstanding action items for this meeting from previous meetings.

Item 2 – 2nd instance complaint – follow up

The 2nd instance complaint against an Assurance Provider as a follow-up was presented to the OC for their decision on recommendations. The case was about a sanction that the customer considered not justified, hence appealed, first with the Assurance Provider in question, and after rejection, submitted to FI Oversight on second instance.

The Compliance and Oversight Advisor summarized the case briefly as it was already presented in the meeting OC42 in June 2025.

The follow-up of the complaint was needed, as information was missing for the OC to make decision in the previous meeting. Hence, input from the Assurance Provider was sought, and more research was done specifically how sanctions and penalties should apply, and what are the differences between certification sanctions and contractual penalties. Based on the research, the Compliance and Oversight Advisor concludes that financial sanctions should be reasonable and proportionate. Key considerations for such a sanction should be the effectiveness of early intervention, demonstration of cooperative behavior and transparency by the party involved, and the absence of any actual market impact or harm to end consumers.

Additionally, the research showed the importance of encouraging cooperative behavior. While penalties are key forms of sanction mechanisms, strict penalties should not deter customers from seeking guidance, self-reporting issues, or taking corrective actions. Imposing sanctions despite good-faith compliance efforts risks discouraging transparent engagement and prompt issue resolution. It was also pointed out that there is a difference between certification penalties and contractual penalties. While contractual penalties are enforced through courts under contract law, certification sanctions are typically administered through administrative proceedings by the certifying body. Based on this it is concluded that this case concerns a certification penalty as it was applied against a Trader Standard (TS) requirement.

The Compliance and Oversight Advisor asked the OC to decide on the following recommendations:

Recommendation 1: OC to recommend to the Assurance Provider to reconsider their decision on the financial sanction. It is clarified that the OC does not have the mandate to overturn certification decisions, but can propose to revise actions in case of procedural issues.

Recommendation 2: OC to recommend the Standards Committee to revise/amend the TS requirement against which the sanction was applied, to make it clear for future.

Recommendation 3: OC to recommend a change in the Requirements for Assurance Providers (RAPs) on clarifying the rules for financial sanction as a certification sanction by introducing the need for assessment around 'good faith compliance effort' and 'lack of harm'.

Recommendation 4: OC to recommend to the assurance provider to develop a standard communication to all customers who voluntary decertify clarifying the rules.

Discussion:

After discussion about the details of the submitted materials and evidence. The OC agreed that in this case the financial sanction was applied as a certification sanction, hence, the usual certification workflow should have been applied before the sanction was issued.

Decision:

The OC unanimously approved all of four recommendations as below:

Recommendation 1: The OC will recommend to the Assurance Provider that they reconsider their decision regarding the financial sanction. It is noted that the OC does not possess the mandate to overturn certification decisions but may suggest revisions to actions in the case of procedural issues.

Recommendation 2: The OC will recommend to the Standards Committee that the TS requirement, against which the sanction was applied, be revised or amended to ensure clarity for future cases.

Recommendation 3: The OC will recommend a change to the Requirements for Assurance Providers (RAPs) to clarify the rules for financial sanctions as a certification sanction by introducing the need for assessment around 'good faith compliance effort' and 'lack of harm'.

Recommendation 4: The OC will recommend the Assurance Provider to develop a standard communication for all customers who voluntarily decertify, clarifying the rules. This recommendation was approved with additional clarification regarding both bulk and consumer packaged products.

Next steps:

Timeframe	
Q3 2025	OC will inform the complainant in the form of a response letter about the outcome of the decision: Oversight and Compliance Advisor and OC chair will draft a response letter and send it to the complainant
2025	Assurance Provider will report back to the OC of the actions taken and the standards unit at FI will be informed about the recommendation of the OC

Item 3 – AOB, next meeting data and closing

There were no AOBs discussed during the meeting.

The next meeting is scheduled for September 22nd 2025, in presence in Bonn with two members not joining in presence (TBC).

The meeting was formally closed at 16h45.