

FSI 2025

Strategy summary

*for approval by the FSI General Assembly
2 February 2021*

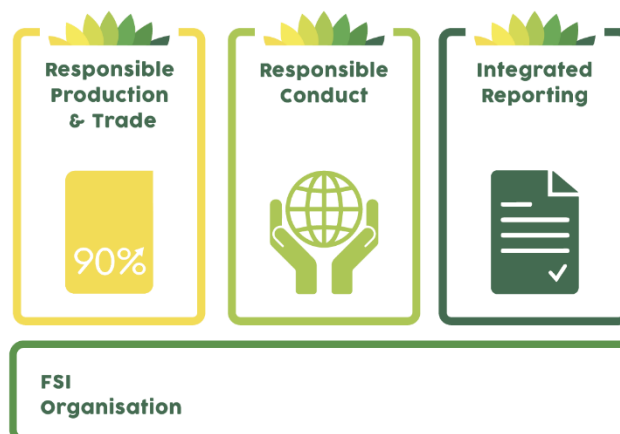
Since 2013 the Floriculture Sustainability Initiative has enabled exchange between leading organizations and businesses in the floriculture sector on sustainability, helping them to progress on this important agenda. In continuity with what has been the members focus since the start, the FSI2025 ambition will continue to build on the progress made on **transparency, responsible production and trade, positive impact** and **improvement** in the floriculture supply chain.

The overall 2025 ambition is centred around three pillars plus the FSI governance framework, providing a comprehensive approach to supply chain sustainability. These 3 pillars and their respective objectives are:

1. Responsible production and trade
 - 90% responsibly produced and traded volumes by 2025
2. Responsible Conduct
 - Environmental footprint
 - Reduction of the product carbon footprint for selected products by 2025
 - Living wage
 - Reduction of the living wage gap of workers at farm level by 2025
3. Integrated Reporting
 - FSI members report on progress and integrate due diligence reporting by 2025



“A transparent and responsible supply chain in 2025”



1. Responsible production and trade

90% responsibly produced and traded volumes by 2025



FSI members continue to aim for 100% of the volumes to be responsibly produced and traded. The existing FSI Social and Good Agricultural Practices (GAP) criteria stay in vigour. With the added environmental scope and new social criteria for producers in low-risk countries¹ the 90% will be even more ambitious.

From 1 January 2021 the FSI Basket of Standards includes three scopes: GAP, Social and Environmental. Producers can comply with the FSI Basket requirements when certified by the accepted standards in GAP (unchanged) and Environmental scopes (new).

For producers in risk countries the social requirement is unchanged. For producers in low-risk countries an on-site third-party social risk assessment or compliance through a social certificate will be added as new requirement. Reporting on this requirement will be mandatory starting 2023.

Furthermore, the FSI Basket will be updated with renewed benchmarking processes for GAP, Social and Environmental scopes. The existing FSI social standards will have to be re-benchmarked against the new SSCI – primary production scope by the end of 2023. The current GAP and environmental benchmarks will be evaluated in 2021.

FSI members will report and communicate on a yearly basis on their achievements and targets.

2. Responsible conduct

2.1. Environmental footprint

Reduction of the product carbon footprint for selected products by 2025



World governments agreed to limit global warming to 1,5°C by signing the 2015 Paris Agreement. The private sector has an important role to play in achieving this goal and FSI members want to contribute by reducing their organizational and product carbon footprint.

FSI will develop and test an environmental footprinting tool that is in line with the EU HortiPEF category rules and benchmark other methodologies currently used by members against it. Members may use the tool to calculate their own carbon footprint and use the baseline values to set a carbon reduction goal for selected products by end of 2021. This reduction will have to be in line with the Paris Agreement and will recognize previous efforts and results. For the

¹ According to the Amfori list of risk countries

product footprint, water and agrochemicals will be further investigated, after which the approach will be finetuned accordingly.

At product level, FSI members will work on the carbon footprint of three selected products based on volumes, geography, mode of transport and FSI coverage, namely: roses, chrysanthemum and phalaenopsis.

2.2. Living wage

Reduction of the living wage gap of workers at farm level by 2025

FSI members will continue to work together on the very important topic of living wage. The aim is to explore the methodologies of determining regionally specific estimates of a living wage and to make a comparison with existing wages including benefits in the global supply chain. The mandatory starting level must be the World Bank minimum wage. In parallel, the challenges of closing the gap, where it exists, will be investigated.



By the end of 2021, and through engagement with the full supply chain, realistic regional targets will be set to reduce the living wage gap by 2025. Therefore, FSI will put special effort into making sure that all market partners along the supply chain join in this ambition and recognise that achieving the living wage is closely allied to the sale of product at a living price.

A detailed action plan has been set up for 2021 that will include:

- implementation of several pilot studies to generate regional data and test the methodology
- discussions with the full supply chain to define realistic regional objectives
- discussions with the benchmarked Standards on how to integrate minimum requirements into the sector schemes as a first step.

3. Integrated reporting

FSI members report on progress and integrate due diligence reporting by 2025.

Reporting is essential to demonstrate good practice and drive continuous improvement in transparent and data-driven supply chains. The reporting process consists of 1) internal FSI reporting 2) external reporting of FSI results and 3) external due diligence reporting.



Internal FSI reporting

For members of trade, production, and retail:

- From 2022 FSI members of production/trade and retail will report directly to the FSI secretariat on their 90% ambition achievements using the Sustainable Sourcing Scan. To do this they will follow updated monitoring guidelines and use specific reporting templates.
- External verification is mandatory for new members in the first year of reporting and each member will be responsible for its own verification through their external accountant.
- To incentivize the reporting progress and make monitoring possible, FSI members of production, trade and retail will provide a yearly action plan and production/procurement targets to FSI for review.
- FSI secretariat will perform quarterly evaluation round tables with members based on the results in the sustainable sourcing scan. FSI will set up support activities accordingly to help members reach their targets.
- From 2023 onwards FSI members will also report on their achievements on Responsible Conduct.

For other members:

- All FSI members have a key role to play in achieving the overall ambition. Reporting on actions and contributions to achieving the target is essential to steer progress and design corrective actions. Therefore, reporting responsibilities will be drafted for all stakeholders.

External communication

- From 2022 FSI members will communicate publicly about their achievements and membership. Communication guidelines and templates will be developed by the FSI secretariat so that FSI members can integrate it into their organizational reporting.
- FSI will communicate on a yearly basis on the aggregate results on the FSI ambitions.

Due diligence reporting

- FSI members of trade, retail and production will report on due diligence according to the UN Guiding Principles on Due Diligence by the beginning of 2025.
- In the Netherlands, leading Dutch FSI members have already taken considerable steps on this topic as signatories of the Responsible Business Conduct Agreement (RBCA/IMVO). FSI can use and build further on these learnings and activities. An inclusive action plan and roadmap will be developed jointly in 2021.
- Scheme owners will be able to help FSI members in their due diligence process and compliance by providing necessary supply chain information and monitor measurement and compliance criteria on the ground.