



## **Monitoring Protocol FSI 2023**

Reporting year: 2022

Version 1.0, December 2022

**Revised version 2.0, February 2023**

## Table of Contents

|  |           |
|--|-----------|
| <b>1. Introduction .....</b>   | <b>3</b>  |
| The FSI 2025 ambition .....  | 3         |
| The purpose of reporting .....   | 3         |
| The purpose of this document .....   | 3         |
| What is new in 2022? .....   | 4         |
| Targets for reporting years 2023-2025 .....  | 4         |
| <b>2. Data required: scope, indicators, and means of collection .....</b>  | <b>5</b>  |
| <b>2.1 Responsible Production &amp; Trade.....</b>   | <b>5</b>  |
| I. Responsible Production & Trade Definition .....   | 5         |
| II. Methodology and tools.....   | 7         |
| III. Products in scope .....   | 7         |
| IV. Volumes in scope .....   | 7         |
| V. Countries in scope .....  | 7         |
| VI. Matching procedures .....  | 8         |
| <b>2.2 Responsible Conduct – Carbon footprint.....</b>   | <b>8</b>  |
| I. Methodology and tools.....  | 8         |
| II. Scope & Methodology.....   | 9         |
| III. Supply chain scope .....  | 9         |
| IV. Volumes in scope .....   | 9         |
| V. Data to be reported .....   | 9         |
| <b>2.3 Responsible Conduct – Living wage .....</b>   | <b>10</b> |
| I. Living wage definition .....  | 10        |
| II. Methodology and tools.....   | 10        |
| III. Products in scope .....   | 10        |
| IV. Supply chain scope .....   | 10        |
| V. Data to be reported .....   | 11        |
| <b>3. Reporting cycle and non-compliance .....</b>   | <b>11</b> |
| 3.1 Reporting cycle: Timelines (year & multi-year) .....   | 11        |
| 3.2 Non-compliance.....  | 11        |
| 3.3 Data security & confidentiality .....  | 12        |
| <b>4. Quality assurance .....</b>  | <b>12</b> |
| 4.1 Self-assessment of data quality .....  | 12        |
| 4.2 Reconciliation of data.....  | 12        |
| <b>5. Annex 1 – Additional BSCI and ETI/SMETA requirements regarding non-conformances, please refer to the decision tree below:.....</b> | <b>13</b> |

## 1. Introduction

### The FSI 2025 ambition

As a member of the Floriculture Sustainability Initiative (FSI) you have joined a partnership with the ambition to create a more transparent and responsible supply chain in 2025. The FSI 2025 ambition is centred around three pillars plus the FSI governance framework, providing a comprehensive approach to supply chain sustainability.



The three pillars and the respective objectives are:

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

### The purpose of reporting

FSI members strive to keep the floriculture sector futureproof through a focus on data, alignment on methodologies and validation of methodologies. Furthermore, FSI aims to mainstream sustainability through engaging certification schemes and raising standards. Most recent example of this is the integration of environmental record keeping in benchmarked standards in 2021. Now we are taking the next step through setting a first baseline on the new topics and define the annual monitoring & reporting by FSI members. In this way we can follow-up on and keep track of the different objectives. Through collecting individual reports and aggregating this data, FSI can take stock of the status of the sector and stimulate progress in the sector on the topic of sustainability. The input will be used for agenda-setting and exploring setting up joint projects.

### The purpose of this document

This monitoring protocol outlines how FSI members are to report on progress towards the ambitions under each pillar of the 2025 FSI strategy and ensures alignment and quality of reporting across the membership. Chapter 2 describes what data is requested (what is in scope, and what indicators are

relevant). Chapter 3 specifies the reporting cycle and rules around non-compliance. Chapter 4 explains how data and reports are verified.

### What is new in 2022?

The Monitoring Protocol is a 'living document' and will be updated annually. This is the first year that reporting is extended from Responsible Production & Trade only to reporting on Responsible Conduct as well. For the year 2022, members are asked for the first time to inform the FSI Secretariat on their efforts on the topics of Footprinting and on Living Wage.

### Targets for reporting years 2023-2025

The Responsible Production and Trade target towards 90% in 2025 remains unchanged. For the new Responsible Conduct scopes, the FSI Board has approved that the reporting year 2022 serves to set baselines by collecting information from the members. With the baseline established, we will be able to drive the efforts needed to reduce the carbon footprints and living wage gaps over time.

Over the next couple of years and after setting a baseline, members will also start reporting on progress and results on Footprinting & Living Wages and towards 2025, members will be supported towards fulfilling (legislative) criteria and requirements on integrated due diligence reporting.

## 2. Data required: scope, indicators, and means of collection

FSI ask members to submit specific data and information in relation to (1) Responsible Production & Trade and (2) Responsible Conduct (carbon footprint and living wage measurements). This chapter outlines the data and information that is to be shared with FSI for these pillars.

### 2.1 Responsible Production & Trade

The FSI ambition for 2025 is to have 90% of the total volumes of flowers and plants being produced and traded responsibly by 2025.

Members of Production and Trade/Retail individually report to FSI on this topic. Definitions and Scope described below are the same for all members. There are slight differences in methodology requirements, lined out below in chapter II.

Verification is mandatory for all members of Trade & Retail. Each member will be responsible for its own verification, in the future through an external accountant. This year, internal verification is accepted. See Monitoring & Reporting Documents for instructions & Requirements.

#### I. Responsible Production & Trade Definition

A flower or plant is responsibly sourced when it is produced and/or traded in a way that is compliant with the GAP, environmental, and social criteria that have been set out in the standards accepted in the “FSI Basket of Standards”.



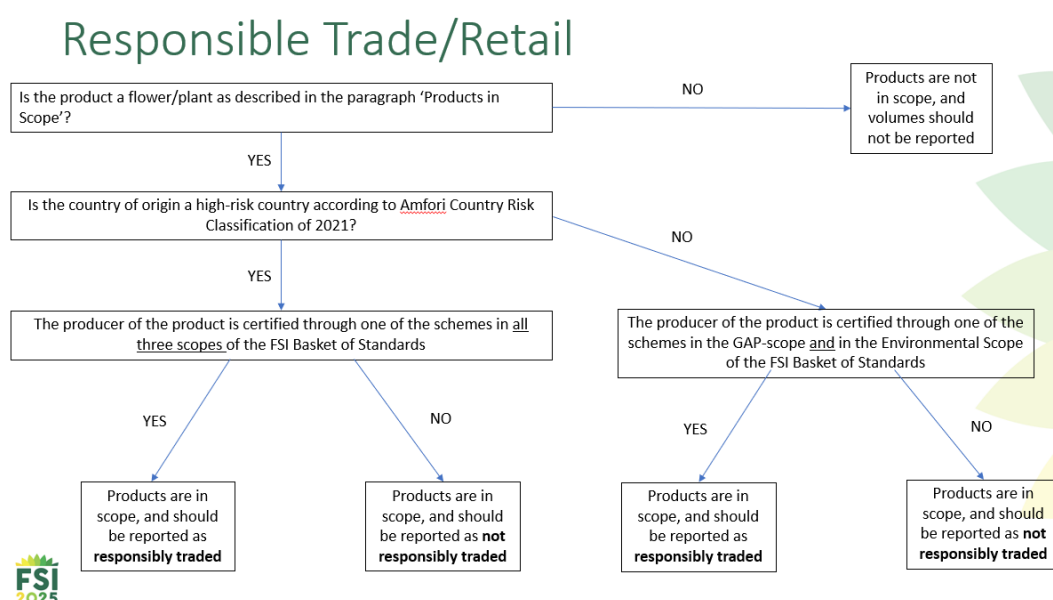
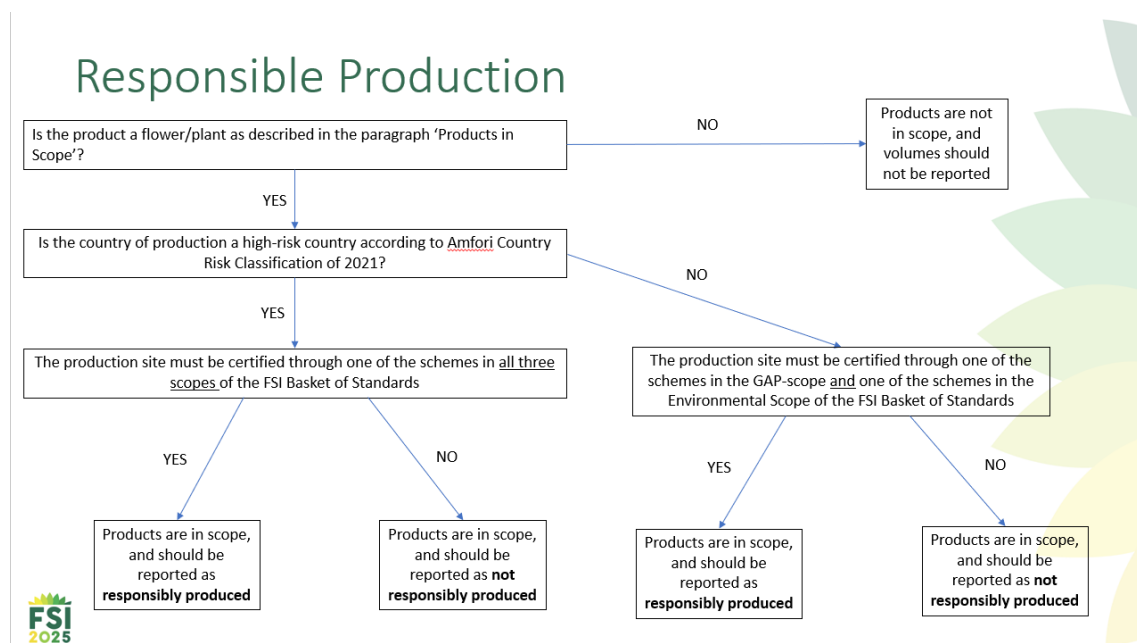
|   | Gap | Environmental | Social |
|---|-----|---------------|--------|
| AMFORI CODE OF CONDUCT                  |     |               | ●      |
| OHAS GROWER STANDARD                    | ●   |               |        |
| EHPEA CODE OF PRACTICE                  | ●   |               | ●      |
| ETI BASE CODE / SMETA                   |     |               | ●      |
| EU ORGANIC FARMING                      | ●   |               |        |
| FAIR TRADE HIRED LABOUR STANDARD        |     |               | ●      |
| FLOR ECUADOR V4.0 + FLORVERDE ADD-ON    | ●   | ●             | ●      |
| FLORVERDE* SUSTAINABLE FLOWERS STANDARD | ●   | ●             | ●      |
| GLOBALG.A.P. FLORICULTURE STANDARD      | ●   |               |        |
| GLOBALG.A.P. IDA MODULE/ADD-ON          |     | ●             |        |
| KENYA FLOWER COUNCIL SILVER STANDARD    | ●   | ●             | ●      |
| MPS-GAP                                 | ●   | ●             |        |
| MPS-ABC                                 |     | ●             |        |
| MPS-SQ                                  |     | ●             | ●      |
| RAINFOREST ALLIANCE CERTIFICATE         |     |               | ●      |
| SIZA SOCIAL STANDARD                    |     |               | ●      |
| SIZA ENVIRONMENTAL STANDARD             |     | ●             |        |
| SABODD STANDARD                         |     |               | ●      |
| USDA NATIONAL ORGANIC PROGRAM           | ●   |               |        |

The FSI Basket of Standards includes three scopes: GAP, environmental and social. To comply with the FSI Basket requirements, the following is required:

- All producers will need certification by at least one of the accepted standards in both GAP and Environmental scope
- FSI differentiates between risk countries and low-risk countries. Producers in risk countries will need additional certification by at least one of the accepted standards for the Social

scope. The reference for the determination of risk-countries for the 2021-2025 period is the Amfori Country Risk Classification of 2021<sup>1</sup>. (Country-of-origin always refers to the country where the flowers and plants are produced.)

- When using risk assessment schemes, some additional requirements are set as the outcomes are monitoring reports rather than a certificate of compliance. Please refer to the decision tree in **Annex 1 for Additional BSCI and ETI/SMETA requirements regarding non-conformances**



<sup>1</sup> [https://www.amfori.org/sites/default/files/amfori-2020-11-12-Country-Risk-Classification-2021\\_0.pdf](https://www.amfori.org/sites/default/files/amfori-2020-11-12-Country-Risk-Classification-2021_0.pdf)

Please visit the FSI website for the current overview and more details on the Basket of Standards, which standards are part of it, and how you can make use of these standards.

<https://www.fsi2025.com/basket/>

## II. Methodology and tools

To aid data collection and ensure completeness, data collection should be done through either:

- The Sustainable Sourcing Scan (SSS) <https://sustainablesourcingscan.eu/en/get-started/> or;
- The Data Collection Sheet (DCS).

Trade & Retail companies can use both methods, but the SSS is the preferred data collection method. Production companies can only use the DCS.

## III. Products in scope

Flowers and plants are in scope as per the below definition.

- For members of production:
  - All produced cuttings, young plants and flowers/plants at farm(s) are within scope.
  - Products originating from tissue culture and laboratories are out of scope.
- For members of trade and retail:
  - Cut flowers, cut greens and plants that are sourced for direct sale at retail or consumers according to the GPC-definitions (Global Product Classification) for cut flowers, cut greens and live plants. This includes herbs and fruit and vegetable plants that are retail-ready. What is not in scope is:
    - Bulbs, seedlings, and young plants (non-exhaustive)
    - Cut flowers/greens that are harvested in their natural environment.
  - Bouquets and plant arrangements are only in scope if all ingredients are produced and sold by the grower.
  - The scope is limited to fresh material including decorative greens. Other categories like hardware sold by wholesalers to retail are out of scope.

## IV. Volumes in scope

Total volumes in number of stems (flowers) and number of plants (pot plants) produced/sourced.

The following should be considered with regards to reporting total volumes:

- Measurement is in volumes, for flowers in stems, in number of pots for plants or number of (young) plants.
- If both plants and flowers are produced/sourced, amounts must be separated.
- FSI members will report individually yearly, covering their production/trade of the full previous calendar year.

## V. Countries in scope

The following should be considered with regards to origin:

- All production countries are in scope.
- All flowers and plants produced/sourced are in scope, regardless of volumes that are re-exported to other countries, or directly delivered to other countries without going through a traders' facilities at all.
- Any number of flowers and plants that are sourced by and sold to other parties within FSI can be counted as responsibly sourced if they are traceable to the specific source which meets the definitions of this MP.

- Country-of-origin always refers to the country where the products are grown.

## VI. Matching procedures

- Selling and buying parties can agree to use the matching principle to match volumes that are sourced from other reporting FSI members.
- In this case, the selling party reports the volume and sustainable percentage of the total amount that is sold to the relevant buying party. Using the matching principle, the buying party can limit its reporting to the volume that was bought from the relevant selling party.
- If one of the parties does not agree to use this method, the traditional reporting method should be used. In this case, the buying party is responsible for the underlying documentation. The matching principle will hold two main assumptions:
- In case of unresolved mismatches, the lowest level reported by the two parties reporting a 'match' will be used (e.g. company A confirms delivery to company B and vice versa, but company A reports a lower volume than company B).
- In case company A is not able to distinguish the % of sustainable volume sold to company B, a mass balance principle is used in which the sustainable % of all sourced volume reported by company A is assigned to the volume delivered to company B. If both members use the SSS, they can indicate this during reporting.

## 2.2 Responsible Conduct – Carbon footprint

FSI members have the ambition to reduce the product carbon footprint for three focus products by 2025. The three focus products are Roses, Chrysanthemum, and Phalaenopsis. This ambition should be aiming to be in line with [the EU Commission's proposal<sup>2</sup>](#) to cut greenhouse gas emissions by at least 55% below 1990 levels by 2030 and the responsible path to becoming [climate neutral by 2050<sup>3</sup>](#).

### Environmental footprint definition

Environmental footprints are quantitative measures showing the appropriation of natural resources by humans. Within FSI we will be focusing on climate change / carbon footprint, the increase of greenhouse gas (GHG) emissions due to activities (such as burning of fossil fuels or application of nitrogen fertilizers) and is expressed as CO<sub>2</sub> equivalent (per stem/pot) (CO<sub>2</sub> eq.). A footprint is an amount of emissions for one product or for an organization.

### I. Methodology and tools

The European Commission is the first (and so far only) governmental body to introduce methodological requirements for product Life Cycle Analysis on carbon footprinting. These 'Category Rules' will be part of legislation in the future. FSI therefore supports members in adopting this methodology. Even when a company is not based in the EU or supplies to customers the EU, it would benefit the global floriculture industry to adopt a single standard for LCA calculations.

FSI Members are encouraged to use the most recent update of the LCA standards proposed by the European Commission. We expect that on product level, the FloriPEF Category Rules will be presented end of 2023, and members can already use the [HortiPEF Category Rules](#).

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562>

<sup>3</sup> [https://climate.ec.europa.eu/eu-action/european-green-deal/2030-climate-target-plan\\_en](https://climate.ec.europa.eu/eu-action/european-green-deal/2030-climate-target-plan_en)



<https://research.wur.nl/en/publications/hortifootprint-category-rules-towards-a-pefcr-for-horticultural-p>

## II. Scope & Methodology

Coming years FSI members of Production will be reporting on both company footprint and product footprint, whereas members of Trade/Retail report on product footprints only.

### 1. Company footprint

To gain a better insight into the progress and activities related to the environmental footprint, all FSI members of production are stimulated to calculate their carbon emissions for the entire company. It is recommended to use the generic and worldwide accepted Greenhouse Gas and Science Based Targets Initiative protocols that focus on global warming. Since FSI has not established a target on company footprint, the methodology is free of choice, and we would appreciate that members inform FSI about the methodology used.

### 2. Product Environmental Footprint (PEF)

The product footprinting on carbon emissions applies to three priority products: roses, chrysanthemum and phalaenopsis. FSI members have agreed to set the target to reduce CO2 emissions for these products. For other products, it is highly recommended to start data gathering and calculations for product footprinting since this will become part of legislation in the coming years. First for products produced and imported in the EU, but the methodology will most likely become industry standard.

## III. Supply chain scope

The supply chain scope for the FloriPEFCR is defined as starting from the breeder up to and including the consumer.

## IV. Volumes in scope

All produced, traded and sold volumes are in scope. It is recommended to start calculations with higher-volume products.

## V. Data to be reported

For 2022 the reporting is not yet required on data level but is used to get first insights in progress. For all reporting members: please indicate if you have started calculating company and/or product related footprints, the products you have focussed on, the methodology used, the consultancy company that supported you.

| Reporting                              |          |          |
|--|----------|----------|
| 1. Calculated company carbon footprint | Yes / No |          |
| 2. Calculated product carbon footprint | Yes / No | products |
| Methodology used                       | name     |          |
| Consultancy used                       | name     |          |

## 2.3 Responsible Conduct – Living wage

FSI has the ambition to reduce a living wage gap for workers at production sites by 2025.

### I. Living wage definition

There are three important definitions for living wage:

1. Living wage: is the remuneration received for a standard month of work by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.<sup>4</sup>
2. Living wage benchmark: The living wage for a particular time and place is defined by a living wage benchmark. Living wage benchmarks are not inherently sector specific and the living wage applies to everyone living in that area or region.
3. Living wage gap: A living wage gap is the difference between currently paid remuneration to the workers and the living wage for a particular area and time. For FSI, a living wage gap will be expressed in a percentage of the living wage. An inflation correction will be made annually for the currently paid wages and the living wage.

### II. Methodology and tools

FSI members are stimulated to use the following methodologies and tools when it comes to a living wage benchmark and living wage gap measurements. they can be found on the [IDH Living wage Platform](https://www.idhsustainabletrade.com/living-wage-platform/what-is-a-living-wage/). <https://www.idhsustainabletrade.com/living-wage-platform/what-is-a-living-wage/>

Living wage benchmarks: FSI members can use benchmarks developed by the Global Living Wage Coalition<sup>5</sup>. For existing benchmarks FSI members can refer to <https://www.idhsustainabletrade.com/living-wage-identifier-tool/>

Living wage gap: Calculating living wages on farm level can be done with help of the IDH Salary Matrix. The Salary matrix calculates current remuneration (including wages, bonuses, and in-kind benefits), and compares it with the living wage benchmark to provide insight into the living wage gap. For more info please visit:

- The [Salary Matrix](https://www.idhsustainabletrade.com/living-wage-platform/salary-matrix/) (registration) <https://www.idhsustainabletrade.com/living-wage-platform/salary-matrix/>
- The [Salary Matrix E-Learning Site](https://livingwagematrix.gitbook.io/salary-matrix-help-page/) (detailed, step-by-step instructions for use) <https://livingwagematrix.gitbook.io/salary-matrix-help-page/>

### III. Products in scope

The decision on what product to measure living wage for, is to be made by the individual FSI members. It is recommended to start with higher-volume products.

### IV. Supply chain scope

The FSI living wage ambition and measurements apply to wages on production level

#### Volumes in scope

The volumes in scope are always defined by a production site and linked to the total number of workers on this site.

---

<sup>4</sup> Based on the definition of the Global Living Wage Coalition.

<sup>5</sup> For an overview of recognized living wage benchmark methodologies, please visit: <https://www.idhsustainabletrade.com/idh-living-wage-identifier/>

## V. Data to be reported

For 2022 the reporting is not yet required on data level and the general data is used to get first insights in activities undertaken. FSI members of production (the users of the salary matrix) will have direct access to their salary matrix report<sup>6</sup> and data will not have to be shared.

| Reporting                                    |                       |
|--|-----------------------|
| <b>Producers:</b>                            |                       |
| Started working on Living wage               | yes /no               |
| Name of Living Wage benchmark selected       |                       |
| Salary Matrixes completed?                   | yes/no                |
| <b>Living wage gap calculated?</b>           | yes/no                |
|  |                       |
| <b>Trade &amp; Retail:</b>                   |                       |
| Any initiatives started on Living wage topic | Please specify if any |
|  |                       |

## 3. Reporting cycle and non-compliance

This chapter outlines the reporting timelines and aspects of compliance.

### 3.1 Reporting cycle: Timelines (year & multi-year)

Reporting is mandatory and done on a yearly basis, looking back on the previous year. The reporting period covers the full previous calendar year, from January 1<sup>st</sup> to December 31<sup>st</sup>. The deadline for submission of the report is the 31 March 2023. FSI will review and generate an overall report by the end of May for the FSI Board to review in June. All FSI members will receive the annual report, which is based on their input, after external validation and Board approval.

### 3.2 Non-compliance

#### Monitoring on FSI targets:

- Deadline: deliver sustainability report on the previous year on 31 March (from the calendar year prior)
- Shortcomings can be categorized as: Too late, Incomplete, Not in compliance with the requirements / goals set, Identified shortcomings found in the previous monitoring report are not corrected. These findings will be shared with the respective member of FSI. The aggregated non-compliances will be reported to the FSI Board.

#### Conditions for continuation of FSI membership:

- Shortcomings on reporting (as mentioned above) are corrected within one year (year x).

---

<sup>6</sup> As a user of the Salary Matrix, all the data provided will be anonymous and will not be shared with anyone other than members of the IDH living wage team and UsMedia as the company managing our data storage and collecting the data. The data that IDH uses is aggregated, this does not include individual personal data, to analyse living wage gaps, trends and progress in a given region/country or supply chains/sectors. IDH will never disclose any individual data associated with a given user. IDH may share aggregated, anonymized data analyses to the public for informational purposes only.

- If shortcomings are not corrected after one year, a review/audit will be done on the report (cost for member) (year x+1).
- If shortcomings are still not corrected after two years, proposal for FSI membership termination will be submitted to the FSI Board (year x+2).

### 3.3 Data security & confidentiality

All data needs to be submitted to the FSI Secretariat, and a Non-Disclosure Agreement (NDA) is available upon request to guarantee further confidentiality. Only aggregated data will be shared amongst the membership and only after securing that the reports cannot be tracked back to individual members. Individual data will only be used as basis for aggregation and to monitor action plans and progress.

## 4. Quality assurance

### 4.1 Self-assessment of data quality

To maximize the quality of the data year-on-year, the reporting companies are required to self-assess the differences between the reported data for this year as compared to the data of the previous reporting year. For this purpose, a paragraph is added to the yearly Action Plan.

- In case there is a difference of more than 10% in the total reported volume, the reporting company is required to submit an explanation of the difference
- In case there is a difference of more than 10% in the reported sustainable volume, the reporting company is required to submit an explanation of the difference

### 4.2 Reconciliation of data

To ensure valid data and reconciliation, FSI requires verification by the FSI Secretariat. In addition, FSI will have the possibility to ask for independent, external review of a selection of the FSI reporting members.

The selection of these members will be based on:

- All those companies that didn't report according to the protocol
- Newly reporting members
- Randomly selected members. All visits are announced.

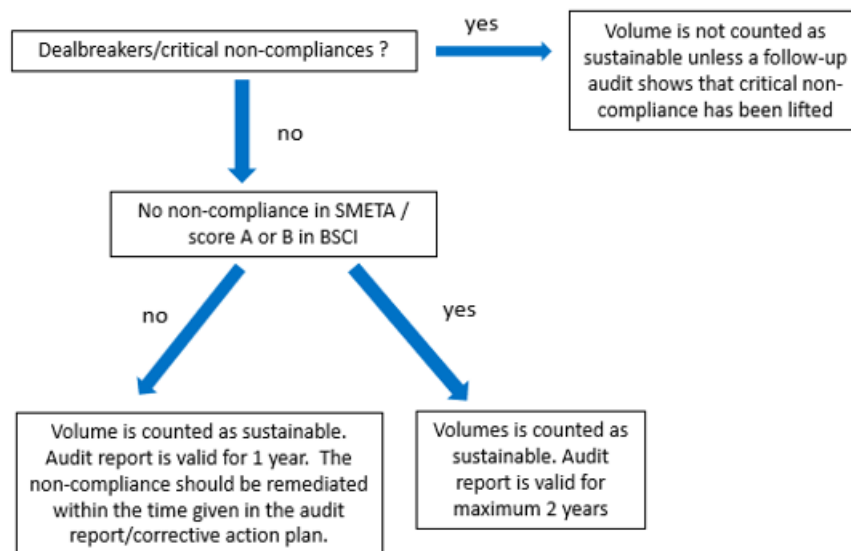
The objectives of the data reconciliation exercise are:

1. Obtain a general impression on data handling within the organization;
2. Reconcile the certifications and monitoring schemes used by the organization;
3. Understand the administrative process of the data within the organization (data flow);
4. Assess the completeness of volumes reported (including total volumes and total sustainable volumes);
5. Assess the accuracy of the sustainable sourced volumes reported.
6. Assess the quality of the data year-on-year

The reconciliation check will be performed either on site or online and will take approximately 2 hours per company depending on its complexity. In order to make the visit most meaningful, every participating organization is requested in preparation to the visit to provide the completed Action Plan, Validation Report and the DCS or SSS proof of purchase in advance.

After the visit and validity checks, every participating organization will receive a management letter with observations and areas of improvement (if applicable) to prepare for the next reporting period.

## 5. Annex 1 – Additional BSCI and ETI/SMETA requirements regarding non-conformances, please refer to the decision tree below:



- The time between full audits should be of maximum two years; If non-compliances are reported in ETI/SMETA and if these are rated C, D or E in BSCI, the audit report is valid for maximum one year, after which an audit should be conducted to verify that the non-compliances have been remediated;
- If a farm has followed up the non-conformities from a previous audit, but other non-conformities are noted, the sourced volumes can still be marked as sustainably sourced, unless the requirement noted above has not been met;
- In case of critical non-compliances: the non-compliance should be remediated within the time given in the audit report and/or corrective action plan, after which an audit should be conducted to verify that the non-compliances have been remediated;

Following dealbreakers or critical non-compliances result in counting the reported volumes of a producer as non-sustainable:

| <b>Criterium</b>   | <b>BSCI</b>             | <b>SMETA</b>  |
|--|-------------------------|---|
| Child labour: Workers who are younger than 15 years old (or the legal minimum age defined by the country)  | 8.1.                    | 4.1.  |
| forced labour / bonded labour  | 11.1.                   | 1.1 & 1.2   |
| Using violence or the threat of violence to intimidate workers to force them to work   | 11.3.                   | 9.1   |
| Inhumane or degrading treatment, corporal punishment (including sexual violence), mental or physical coercion, and/or verbal abuse   | 11.1., 11.3.            | 9.1   |
| Occupational health and safety violations that pose an imminent and critical threat to workers' health, safety, and/or lives & safety of the buildings <ul style="list-style-type: none"> <li>- No structural problems that are cause for concern (building safety) (only valid for packaging units)</li> <li>- Sufficient emergency exits. (only valid for packaging units)</li> <li>- Workers have the right to remove themselves from imminent danger without permission</li> </ul> | 7.12., 7.15.            | 3.1. (code) – measurement criterium 3.9 C – 3.9 D – 3.9 U – 3.9 Z |
| Attempted bribery of auditors  | Upon auditors judgement | Upon auditors judgement   |
| Intentional misrepresentation in the supply chain (e.g. hiding production sites, lacking a business licence, and purposefully under-declaring the size of the workforce)   | Upon auditors judgement | Upon auditors judgement   |