



IRBC
agreement
floriculture

IRBC AGREEMENT FLORICULTURE SECTOR FINAL REPORT

Summarizing three years of
collaboration for improved
sector sustainability

SEPTEMBER 2022



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Foreword

It is a special moment to be able to write the foreword to this final report after three years of intensive cooperation within the Agreement for International Responsible Business Conduct in the Floriculture Sector (the IRBC agreement).

I remember the book [Collaborative Transformation, The art of making international trade more sustainable](#), which IDH published at its 10th anniversary to explain the underlying method of chain sustainability. The past 3 years have been a model case of this approach: working hard with a group of committed companies, civil society organizations, a trade union and the government on a clear, ambitious goal and staying in open dialogue along the way with respect for the various interests. It was certainly not always easy, but the constructive cooperation within the Steering Committee, the Working Groups, with the Secretariat and the other participants and stakeholders turned out to be a sustainable foundation to achieve the agreement goals.

The third and final year of the IRBC Agreement on the Floriculture Sector was mainly a year of implementing what had been firmly in the pipeline in the first two years. It was a year of broadening knowledge and support for the long list of joint improvement actions, contracting implementation projects and evaluating the results after 3 years.

It was also crucial to work in this last agreement year to ensure the progress and continuous improvement of the ambitions of IRBC agreement, especially within the Floriculture Sustainability Initiative (FSI) and with the Voluntary Sustainability Standards (VSSs) within which the sustainability principles of most of the floriculture sector have been anchored for years.

The third year at a glance

The overarching theme of “due diligence” has been completed with a collective IRBC Code of Conduct, which forms the basis for the public responsibility of the participating companies. In addition, in collaboration with Certifeye, an ICT database tool has been developed in which producers can upload the previously developed Self-Assessment Questionnaires for their customers, with which this process is set up as efficiently as possible for all parties involved. In addition, workshops were held for

the agreement participants to further deepen the theme “due diligence” also with specific attention to gender issues. Since the Steering Committee is aware that this due diligence theme will require several years of further deepening, an evaluation of due diligence implementation among the participants has been carried out by SSC Consultants, which has gained insight into the results achieved, but also into what further follow-up needs within the sector (including in the context of FSI).

Last year, the emphasis on living wages was on carrying out concrete projects with producers, trade, and retail. Emphatically to gain insight into the feasibility of specific interventions at the level of individual producers and countries where parties want to work towards living wages for employees at nurseries. The insights of the research in the second year into the significant living wage gap in Ethiopia, Kenya and Uganda were the starting point. The cooperation of growers and agreement partners in setting up these projects on this sensitive matter with the help of an external consultant was very constructive. Unfortunately, the political reality in Ethiopia and the ongoing travel restrictions due to COVID 19 until the beginning of this year meant that projects could only start working on the ground later and in fewer countries than intended.

The further development of the chosen measurement methods around environmental impact indicators has continued steadily, and the secretariat has held sessions with international sector partners to achieve the necessary broadening of support for these methods. Unfortunately, there has also been some delay in the broad consortium that supervises this WUR project, but for the floriculture sector we have been able to stick to the solution direction and assurance of this measurement method.

Broadening and deepening

The involvement of stakeholders at the level of the steering committee, the working groups, the agreement parties and in the breadth of the sector is crucial to create progress and support. This will certainly also cost the necessary time and commitment of all those involved in this last year. Speaking on behalf of the IRBC agreement, we are impressed by the willingness of the sector to think along with and to do this. Even after the conclusion of

the IRBC agreement, it will remain important in the FSI context to include all sector stakeholders in knowledge, commitment, and implementation of the IRBC agreement ambitions.

Assurance and follow-up

Working together within a sector on sustainability challenges is never finished and this IRBC agreement final report is therefore more of a milestone in an ongoing journey than an end point. However, in my opinion there are reasons for confidence (whilst reminding vigilant of course) in the sustainable future of this sector, which is so important for the Netherlands:

1. the constructive involvement of the sector players in working towards a sustainable future for the sector and the willingness to work together on the tough challenges;
2. a driven and effective international platform (FSI) that unites all stakeholders and interests of the sector in a sustainable agenda;
3. an important and ever-evolving role of standards (VSSs) to support the sustainability ambitions of the sector.

This IRBC agreement final report is therefore not only the result of three years of driven collaboration but also a solid foundation for the future.

Ted van der Put

Independent Chairman
of the IRBC agreement Floriculture sector





Objective of the agreement

Through the IRBC agreement, the Parties work together to make the floriculture sector more sustainable in accordance with the OECD Guidelines for Multinational Enterprises (the ‘OECD Guidelines’) and the UN Guidelines on Business and Human Rights (the ‘UNGPs’), whereby the Parties had set out to make substantial steps of improvement within three years for people who may experience negative effects in relation to the floriculture sector. To this end, the development and application of ‘due diligence’ in accordance with the OECD and UN guidelines is pursued as a main goal. Due diligence is the process in which companies identify, prevent, and remediate the (potential) negative impact of their actions, and account for how they deal with this impact. In addition, the IRBC agreement has offered parties the opportunity to work on a number of additional themes, namely living wage, women’s rights, land rights, climate change, water consumption, safe use of crop protection products and impact of crop protection products on the environment.

STAKEHOLDERS



1. Introduction

The agreement for International Responsible Business Conduct in the floriculture sector (the IRBC agreement) brings together players in the Dutch floriculture sector, the Dutch government, a trade union and NGOs through agreements for a more responsible international production and trade of flowers and ornamental plants. The secretariat of the IRBC agreement was hosted by IDH.

Cooperation

The Parties to the agreement are working together towards specific objectives for setting up due diligence and addressing the other themes mentioned above. In the following chapters we will explain these activities and target factors in more detail. In general, the activities are followed by a collaboration in which each party uses its own specialism:

- 1 Companies are committed to implementing the plans around the agreements and objectives made in the agreement and provide the work within the agreement with practice-related knowledge to ensure the link with the market and reality.
- 2 NGOs use their local networks and knowledge to contribute to the discussions and actions within the working groups. They play a role in the early detection of possible abuses and link the primary producers to the rest of the chain.
- 3 Trade unions stimulate social dialogue so that employees get a voice and play a signal function towards Dutch companies.
- 4 The Dutch government is committed to international corporate social responsibility in accordance with the OECD guidelines, including by making connections between the parties and initiatives at international level.
- 5 Representative organizations¹ promote the results of the work on the focus themes to their constituencies and support them where possible in implementing due diligence.

Impact of the Covid-19 pandemic

We cannot reflect on the past years without addressing the Covid-19 pandemic and its effect on the sector. The pandemic demonstrated that the floriculture sector is based on a network with many interdependencies in which a disruption can have impact on several parts of the supply chain, impacting day-to-day operations and responsible business conduct.

Especially in 2020, the sector suffered significant losses due to persistent uncertainty, the loss of freight capacity and, as a result, high logistics costs. For example, the sector in Ethiopia lost about 86% of its turnover in the beginning, and many jobs were lost in Kenya in the first few weeks as well. With the market recovering later in the year, the uncertainty remained but also a lot of creativity and capacity was required to get production back to the market. These challenges have had a major impact on the possibilities for the IRBC parties to set up activities on the ground, such as a living wage project or research into crop protection. Out of empathy for the circumstances, these activities have therefore been paused for a while.

At the same time, the impact of the pandemic on the priority themes in the IRBC agreement also created the realization that sustainable business practices and co-operation which the IRBC agreement facilitated is critical in difficult times. As a point in case, the pandemic drove many women out of work, with research showing an increase of the gender pay gap globally². It is now estimated that it will take 136 years to close the gap.

It is therefore worth noting that neither the IRBC agreement nor any other sustainability related activity were reconsidered by any of the parties. The steering committee and working groups have shown flexibility in their response to the impact of the pandemic and have facilitated a collective response to optimize the IRBC work within the bounds of the situation.



Signing of the IRBC agreement. July 2019, Naaldwijk.

This report

This report describes the past three years of the IRBC agreement, covering all activities and results as well as learnings and recommendations for future implementation and scaling by stakeholders in- and outside of the agreement. For a more concise and visual summary of those recommendations, please read the IRBC agreement roadmap.

¹ Glastuinbouw Nederland, Vereniging Groothandelaren Bloemisterij (VGB), Tuinbranche Nederland

² 2021 World Economic Forum Global Gender Gap report, <https://www.weforum.org/reports/global-gender-gap-report-2021>

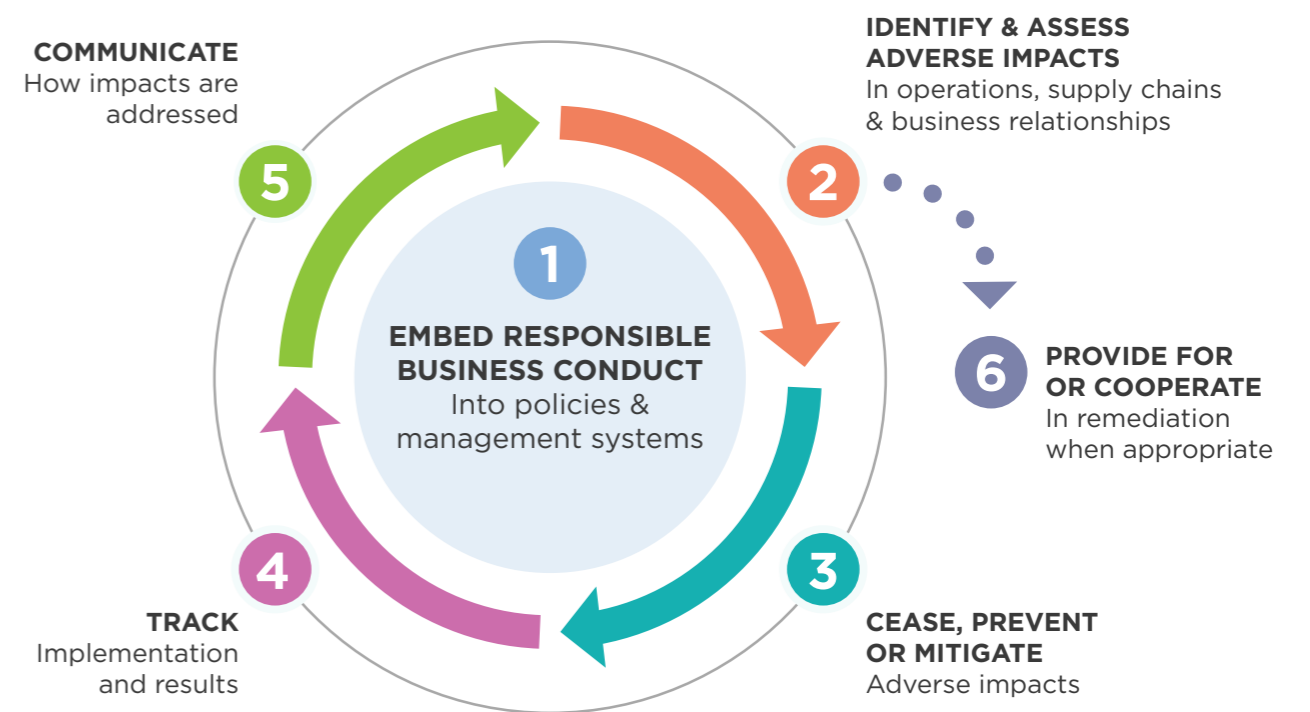


2. Due diligence

Due diligence is an ongoing process that helps companies identify risks in the areas of human rights, labour rights and the environment and subsequently stop, prevent, or mitigate them. Due diligence is an essential part of responsible business conduct and is central to the internationally recognized OECD Guidelines for Multinational Enterprises (2011) and the United Nations Guiding Principles (UNGPs).

The due diligence process consists of 6 steps:

- 1 Integrate corporate social responsibility into policy and management systems;
- 2 Identify and assess negative impacts in operations, supply chains and relationships;
- 3 Stop, prevent or limit negative consequences;
- 4 Monitor practical application and results;
- 5 Communicate how impacts are addressed;
- 6 Take remedial action or cooperate with them, if applicable.



Due diligence objectives in the IRBC agreement

The main goal for companies was to implement a due diligence process within the term of the agreement. The parties to the agreement worked on these and related objectives through the working group “Due Diligence and Sector Mapping”. The full list of due diligence objectives can be found in annex 1, but can be summarized as follows:

1. The project management organizes sufficient knowledge about due diligence according to the OECD guidelines and the UNGPs. For companies, this is aimed at implementing and for representative organizations at spreading knowledge to their supporters. In addition, parties map out risks in the floriculture chain and prioritize them in production flows with a sector mapping.
2. Project Management can exchange views with a company on the steps to be taken (regarding due diligence) and advise the company insofar as this does not conflict with its independent role in monitoring.
3. Parties investigate how companies can promote access to remedy for groups that experience negative impact in the chain, among other things with the help of a collective complaints’ mechanism.
4. Parties analyze how the standards used within FSI fit in with due diligence and enter discussions with the (relevant) scheme owners to make agreements for improvement.
5. Companies must be able to provide an adequate answer to the relevant questions (Annex II agreement) for a good due diligence process.
6. On behalf of the steering committee, a person who is an expert in the field of due diligence conducts an annual structured interview with each participating company about his implementation of the due diligence process.
7. The representative organizations and the Auction will support their members by:
 - Stimulating communication about IRBC and the implementation of a due diligence process.
 - Aiding the implementation of a due diligence process (possibly with the help of other agreement parties)
 - Annually monitoring of how many members are engaged in the due diligence process in what way
 - Promoting the notification of companies for membership of the Agreement
8. The representative organizations and the Auction will actively share their knowledge, expertise, and network with the other Parties by participating in the Sector mapping working group, Communication working group and/or one or more of the thematic working groups, depending on their own expertise and a reasonable use of capacity.
9. During the term of the agreement, the Auction will examine to what extent it can link an effort of due diligence by users of the marketplace to the conditions for access to the marketplace of the Auction.

YEAR 1 MAPPING RISKS AND BUILDING KNOWLEDGE

During the first year of the agreement, the parties identified the most important production flows and risks and built knowledge of the due diligence processes.

Mapping risks

The parties identified joint risks within the sector to start fulfilling step 2 of the due diligence cycle. The risks have been identified via [sector mapping](#), which serves as a source of information and starting point for due diligence of individual companies. In year three, the sector mapping was supplemented with [updated data](#) on the sector’s main trade flows. Future use of this tool would require a periodical (e.g. an annual) update on both trade volumes and risks. Aside of delivering an own data overview, there are also externally managed databases which can serve this purpose.

Building knowledge

To increase the sector’s knowledge of due diligence, the parties to the agreement were trained on (1) how to carry out due diligence and the associated processes and on (2) how to prepare for a self-evaluation of where they stand in terms implementing a due diligence process.

After those trainings, KPMG did a baseline assessment of how far the companies under the agreement were in implementing a due diligence process. This was done through a process in which companies first filled in a self-evaluation based on questions in appendix 3 of the agreement, and then conducted bilateral assessments (interviews) with KPMG.

Baseline evaluation of companies’ due diligence implementation

The results of the evaluation were summarized in individual reporting and an overall report of the IRBC agreement. The table on the next page shows the

aggregated scores for the seven companies that participated in the self-assessment process. The full set of questions can be found in the annex to the [agreement text](#).

Recommendations following the baseline evaluation

Following the due diligence evaluation, several recommendations for further development of a due diligence process by both individual companies and the agreement were drawn up. The members of the due diligence working group prioritized the following recommendations:

1. Companies set up a supplier code of conduct and / or jointly develop a sector ‘code of conduct’ to establish norms and values around sustainability, thereby giving substance to the first step of the due diligence cycle.
2. Companies identify, prioritize, and share risks and / or jointly develop a structural way to share and collectively analyze risks (from both the sector map and individual results) to give substance to steps 2 and 3 of the due diligence cycle.
3. Together, identify options for a (joint) complaints mechanisms to give substance to step 6 of the due diligence cycle.

These three recommendations have been taken up by the parties to the agreement in year two and three. The report also recommended companies to pick targets with other agreement parties, and to align on methodologies to measure and monitor those progress towards those targets. This has been picked up by members of FSI as part of their [2025 strategy](#).

TABLE 1 AGGREGATE RESULTS BASELINE DUE DILIGENCE EVALUATION

Due diligence step	#	Question	Distribution of ratings	Average step score	Average overall score
1 Embedded responsible business conduct into policies & management systems	1	Dedicated policies		66	53
	2	Communicate commitments			
	3	Senior-level awareness			
	4	Internal training			
	5	Internal responsibility			
	6	Supplier code of conduct			
	7	Communicate CoC			
2 Identify & assess adverse impacts in operations, supply chains & business relationships	8	Supply chain map		48	
	9	General risks and issues			
	10	Your risks and issues			
	11	Supplier risks and issues			
	12	Raw materials			
	13	Your link to risks			
	14	Assess impacts			
3 Cease, prevent or mitigate adverse impacts	15	Cease operations		52	
	16	Prevent and mitigate			
	17	Examples of prevent and mitigate			
4 Track implementation and results	18	Targets		50	
	19	Track performance			
	20	Learn from mistakes			
	21	Escalation for breaches			
	22	Data on risks and impacts			
5 Communicate how impacts are addressed	23	Communicate on risks and issues		57	
	24	Communicate on impacts			
	25	Communicate on covenant			
	26	Communicate on other commitments			
6 Provide for or cooperate in remediation when appropriate	27	Remediation		29	
	28	Grievance mechanism			
Additional	29	Due diligence progress		N.A.	
	30	Challenges			



YEAR 2 DEVELOPMENT OF INSTRUMENTS AND A COMMON WORKING METHOD

The second year of the IRBC agreement focused on following up on the recommendations of year one.

Floriculture sector Code of Conduct

To address the first recommendations of the evaluation in year one, the parties in the due diligence working group developed a Dutch and an English version of a [floriculture code of conduct](#). This document supports companies in their first step of the due diligence process and gives them guidance (principles) to continuously strive for improvement together with suppliers. This floriculture sector code of conduct is addressed to a broad group of stakeholders, including suppliers, to communicate and safeguard expectations and requirements regarding sustainability in the supply chain. To members of the working group also developed [an explanatory flyer](#) in Dutch and English to facilitate communication of the code of conduct. Having a shared set of principles and values through this code of conduct, helps the sector to have a joint focus, preventing duplication or inefficiency and facilitating consistency in subsequent steps in the due diligence cycle (by having fixed principles to refer to for monitoring, evaluation and improvement). Though created by the parties to the IRBC agreement, this code of conduct is applicable to all stakeholders in the floriculture sector.

THE IRBC FLORICULTURE CODE OF CONDUCT PUT TO PRACTICE

“We have implemented the IRBC floriculture code of conduct in our organization and requested our supply chain partners to do the same. The due diligence process focusses on continuous risk analysis and improvements. Although we have made considerable improvements on the agronomy side of our business, for instance by implementing Wetlands and IPM, the access to remedy was something we had to improve. This has led to the hiring of a local relations manager in Ethiopia, responsible to talk and listen to all local stakeholders. We also decided to publish our new website (www.sherethiopia.com) not only in English but also in the local languages Afan Oromo and Amharic. We want to be transparent about our practices to maintain our ‘license to produce’”.



Aswin Endeman,
Manager Business
Support and CSR at
Afriflora



FIGURE 1 FLORICULTURE CODE OF CONDUCT



The connection between OECD due diligence and the FSI basket of standards

The parties to the agreement recognize the direct responsibility of companies to implement a due diligence process, but also foresee a substantial role for voluntary standards to help manage prevention and mitigation of risks. The parties therefore requested consulting firm Sustainable Supply Chain Consultants to compare the benchmarks of the FSI basket of standards to the OECD guidelines to (1) assess which of the risk defined by the OECD guidelines are addressed to some extent and to (2) identify gaps between the OECD risks and the extent to which these are covered in the benchmarks.

THE FSI BASKET OF STANDARDS EXPLAINED

The **FSI basket of standards** is a selection of standards which are fully transparent, comparable and by means of independent benchmarking, have demonstrated to comply with criteria on Good Agricultural Practices (GAP), environmental and/or social sustainability. The FSI basket of standards can be used by private partners for responsible sourcing. It acknowledges the great variety of standards and certifications in a specific sector contributing to higher levels of sustainability, while avoiding unnecessary audit duplication, confusion for market players and increased costs. Standards in the Basket are benchmarked against international reference points through [an independent benchmarking process](#).



The comparison showed what risks tend to be addressed through certification and what risks a company itself should prioritize. Generally, the benchmarks cover the topics of 'Employment and Industrial relations' and 'Environment' well, but only partly cover the topics of 'Human rights', 'Combating bribery' and 'Consumer interests'. The topics of 'disclosure', 'Science and technology', 'Competition' and 'Taxation' were not covered at all. The last three topics were identified as topics to be addressed by standards in the longer run.

Risk assessment – Self-evaluation & design of joint database

Based on the outcomes of the comparison between the OECD guidelines and the FSI benchmarks, the consultants and the members of the due diligence working group developed a questionnaire for suppliers to help identify and

assess sustainability risks in their operations. This so-called [self-assessment questionnaire](#) (SAQ) focuses its questions on risk components that have not yet been fully included in the FSI benchmarks and is aligned with the principles of the floriculture sector code of conduct. The SAQ can be used as (1) a guideline for discussions with suppliers to implement and improve a due diligence process together, and (2) as a way of risk assessment.

To efficiently retrieve³ and store and share the information from the SAQ, the consultants and parties of the due diligence working group also delivered a design for an online tool in which the results are stored centrally. This tool was developed in year three.

Identifying options for a grievance mechanism

To identify the best option to provide access to remedy, parties to the agreement commissioned research on setting up complaints mechanisms. This led to [a report](#) with an analysis of existing complaints mechanisms in other sectors, and recommendations for the design of a complaints mechanism in the floriculture sector. A summary of these recommendations can be found in chapter 4, in the roadmap for due diligence.

Recommendations for a due diligence action plan

To summarize the insights that resulted from developing the tools and approaches in year two, the consultants wrote [a report with recommendations on how to proceed with with due diligence](#). The recommendations are aimed at both individual companies and the agreement (e.g. how to safeguard the instruments in the current group, how to scale it and how to involve more parties). Throughout the report, some textboxes demonstrate implementation of some of the recommendations. A summary of these recommendations can be found in chapter 4, in the roadmap for due diligence.

³ Producers often supply various trading companies and a producer therefore runs the risk of receiving the same questionnaire multiple times.

YEAR 3 CONNECTING WITH STANDARDS, TESTING TOOLS, AND EVALUATING PROGRESS

In the last year of the agreement, the parties worked on the testing of the instruments and approaches of year two. Furthermore, a team of consultants performed an endpoint evaluation of due diligence implementation.

Piloting the digital SAQ with Certifeye

To test if the SAQ could be sent and processed involving multiple stakeholders, the SAQ was digitalized with the help of the [Certifeye team](#)⁴. The aim of the pilot was to examine whether it is workable for growers/stakeholders (including non-Certifeye users) to complete and for the users to process centralized questionnaires at company and aggregated levels. The answer is positive, with the following observations.

The pilot ran for a short period in June and was aimed at 20 FSI member farms, leading to the following key results and takeaways:

- Before sending any questionnaire, it was important to have people who are familiar with the subject testing, this way we could evaluate the ease of instructions and website functionality.
- 20 requests to fill in the questionnaire were sent out and 7 have been returned. It was a very busy period, so timing and introductions are important to increase response rates.
- Important to acknowledge quick responders and continue to promptly address the issues they point out during the process. We identified a few gaps in communication and, therefore the instructions need to be very clear stimulating completion of the SAQ.
- Adding a personal touch is helpful in getting attention and response (personalized note, feedback on the process and a thank you note afterwards).

⁴ <https://certifeye.com/nl/home-nl/>

- Keeping instructions clear is essential for getting the results: link the subject to requirements and compliance, explain why feedback is appreciated.
- A questionnaire can also be helpful for other themes such as packaging or requesting other stakeholders.

Evaluating and bridging the gaps between the OECD guidelines and standards

In October 2021, voluntary standards from the FSI basket of standards were introduced to the topic of due diligence and the findings of the comparison between

the criteria in the OECD guidelines and the benchmarks for the FSI basket of standards in an online workshop.

Several of the participating standards subsequently reviewed the identified gaps to determine how well the OECD criteria are covered in their standards and what opportunities for further alignment remain. Results showed some differences compared to gaps between the FSI benchmark of standards and the OECD guidelines. Although not all OECD topics may be relevant to be integrated (e.g. consumer interests for a business-to-business standard) there are opportunities for standards to in combination with the roles and responsibilities of other stakeholders (table 2 below). Please see annex 2 for a more detailed overview of outcomes.

TABLE 2 SUMMARY OF THE EXTENT TO WHICH VOLUNTARY STANDARDS IN THE FSI BASKET OF STANDARDS TEND TO COVER OECD MNE TOPICS

OECD MNE topic	Coverage FSI benchmarks	General opportunities for improvement
1 Disclosure		More focus on financial accounting standards and requirements on sharing timely and accurate information on material matters.
2 Human rights		Decent coverage of most human rights aspects, but without the essential attention for roles and responsibilities beyond company limits and in the supply chain.
3 Employment and industrial relations	 Except a limited number of requirements	More attention for local employment is desirable, with a need to explicitly focus on employing and training local communities, providing equal opportunities to all people, and providing facilities to workers representatives
4 Environment		Ensuring that environmental initiatives are placed in national laws and regulations, enable regular updates to workers and the public, and focus on not just a company but also on its supply chain relations.
5 Combating bribery, bribe solicitation and extortion		Broad opportunity for improvement, for instance through the adoption of the 2013 Anti-Corruption Ethics and Compliance handbook of the OECD-UNODC-World Bank
6 Consumer interests		Opportunity for consumer facing labels to provide consumer information and cooperate with public authorities
7 Science and technology		Identified for longer term inclusion and out of scope.
8 Competition		
9 Taxation		



STANDARDS CONTRIBUTING TO DUE DILIGENCE

“Robust voluntary schemes such as Fairtrade make contributions to the protection of environmental and human rights across supply chains, but they do not replace due diligence. However, Fairtrade can support business partners and suppliers at each step of the HREDD process through expertise, advice, transparent standards on key human rights and environmental issues, programmes, and independent audits. Having said that, we can also build on the learnings of this IRBC agreement and address identified (wage) gaps cooperatively, with all chain parties taking up their part of the responsibility”.



Karen Bouwsma,
Policy Advisor
Fairtrade Netherlands



SHARING BEST PRACTICES ON DUE DILIGENCE

“Women Win has been a proud contributor to the work under the IRBC agreement, and specifically to the integration of gender equality in priority themes such as due diligence. Our workshop about gender responsive due diligence for companies offered an interactive dialogue to teach participants how to mainstream gender equality in their due diligence process. We aspire to continue this work in the floriculture sector in the future, supporting companies with our tools, expertise, and network to work towards gender equality throughout international supply chains. We will build on what we have learned in the IRBC agreement to ensure that gender equality will be an integral part of general business practices”.



Nada van Schouwenburg,
Program Manager ‘Win-Win
Strategies’ at Women Win



SUSTAINABILITY REPORTING

“Royal Lemkes is an active contributor to the IRBC agreement and has been working on building its due diligence process by incorporating existing and new activities in it. As sustainability is at the heart of our business, we have been communicating our activities through [integrated reporting](#). We want to expand this in the future, building on the learnings of the IRBC agreement by communicating about our learnings and stimulating continuous improvement’.



Elise Wieringa,
Manager Sustainability at
Royal Lemkes.



Sharing best practices

Year three has also been a year in which companies and stakeholders shared lessons and learnings. The representative organizations and auction organized webinars for their membership about the anticipated due diligence legislation and how to prepare for it, as well as a more specific follow up session with examples on how to perform steps 1 and 2 of the due diligence process. Women Win furthermore organized a workshop on gender responsive due diligence, to ensure that companies understand how to apply a gender lens to their due diligence process. Finally, the secretariat has also set up a workshop on due diligence reporting, during which consultants instructed members of both FSI and the IRBC agreement on how to best communicate about sustainability and how to use [practical reporting guidance and template](#) to do so.

The final evaluation of due diligence implementation

Year three was concluded with an evaluation of the companies and auction to determine the status and the progress made of due diligence implementation up to 2022. The evaluation pointed out that there is more awareness of due diligence, and the implementation of a due diligence process has generally improved. As demonstrated in table 3 on the next page, companies made the most substantial improvements in relation to inclusion of responsible business conduct considerations in policies and management systems (step 1) and public communication (step 5). The identification and assessment of adverse impacts in operations, supply chains & business relationships (step 2) and the tracking of results (step 4) pose the main challenge.

TABLE 3 AGGREGATE RESULTS OF THE EVALUATION OF COMPANY DUE DILIGENCE IMPLEMENTATION

Due diligence step	#	Question	Score 2020	Difference	Score 2022	Average step score 2020	Difference	Average step score 2022
1 Embedded responsible business conduct into policies & management systems	1	Dedicated policies	64	26	90			
	2	Communicate commitments	64	36	100			
	3	Senior-level awareness	86	11	97			
	4	Internal training	43	30	73	66	15	81
	5	Internal responsibility	79	11	90			
	6	Supplier code of conduct	57	16	73			
	7	Communicate CoC	n.a.	0	43			
2 Identify & assess adverse impacts in operations, supply chains & business relationships	8	Supply chain map	71	15	87			
	9	General risks and issues	50	13	63			
	10	Your risks and issues	50	17	67			
	11	Supplier risks and issues	43	10	53	48	8	56
	12	Raw materials	21	4	26			
	13	Your link to risks	43	-2	41			
	14	Assess impacts	57	-7	50			
3 Cease, prevent or mitigate adverse impacts	15	Cease operations	57	10	67			
	16	Prevent and mitigate	57	-0	57	52	8	60
	17	Examples of prevent and mitigate	n.a.	0	57			
4 Track implementation and results	18	Targets	43	21	64			
	19	Track performance	43	7	50	50	3	53
	20	Learn from mistakes	57	-4	53			
	21	Escalation for breaches	n.a.	0	57			
	22	Data on risks and impacts	n.a.	0	40			
5 Communicate how impacts are addressed	23	Communicate on risks and issues	36	18	53			
	24	Communicate on impacts	50	10	60			
	25	Communicate on covenant	86	14	100	57	12	69
	26	Communicate on other commitments	n.a.	0	63			
6 Provide for or cooperate in remediation when appropriate	27	Remediation	21	22	43			
	28	Grievance mechanism	36	11	47	29	16	45
Additional	29	Due diligence progress	n.a.	0	n.a.			
	30	Challenges	n.a.	0	n.a.	N.A.		N.A.
Average score			53	10	63			



KEY TAKEAWAYS DUE DILIGENCE EVALUATION

- The Code of Conduct has helped improve step 1 but is not yet applied to all suppliers, not always integrated into buying requirements and agreements, and not yet sufficiently communicated towards chain stakeholders or within a company itself.
- The risk mapping tool is used by most companies, and many indicated the need to keep the tool updated (either manually or via a digital alternative)
- It is challenging to get insight into adverse impacts throughout supply chains and to track and reflect on results, often because the step to involve local stakeholders has not always been made yet.
- There is substantial knowledge and engagement with suppliers on environment (e.g. CO2, packaging, water), but the inclusion of social themes in relation to suppliers leaves room for improvement.
- IRBC related activities are often client-based instead of risk-based.
- There is a strong reliance on certification for sustainability verification, but this is a means to reach a target and not a target in itself: due diligence warrants companies to go beyond that.
- It helps to frame 'due diligence' as: 'risk management' or 'brand management' to explain it to and motivate colleagues, including management and buyers.



GOVERNMENT FACILITATION OF DUE DILIGENCE

On 13 June 2022, the government issued the [Implementation Agenda for International Social Condition \(ISC\)](#). This agenda state what actions the government has taken and will take to improve the application of International Social Conditions. In the Implementation Agenda for International Social Conditions, the government has selected eight risk categories in which there is an increased risk when purchasing. Products from the floriculture sector are not yet included.

Increasing knowledge is an important part of the Implementation Agenda. The Expertise Centre for Procurement (PIANOO) offers information and tips on the application of ISC in government procurement via the website. It contains, among other things, information about the ISC Academy, a training program for the application of ISC in procurement and tendering processes. Buyers who are active in the floriculture sector can also make use the ISC Academy and participate in the knowledge sharing about contract management.



Government of the Netherlands

Due diligence at Royal FloraHolland

The evaluation also had attention for the role of the flower auction in due diligence. As a cooperative of growers and business to business trading platform, Royal FloraHolland does not own the products that are traded but does deliver unique services in relation to sorting, payment and delivery of products. As party to the IRBC agreement, Royal FloraHolland has the ambition to be a reliable marketplace for responsibly produced flowers and plants. Within the IRBC agreement, the auction:

- Helped with the realisation of and communication on the 'Code of Conduct' for the Floriculture sector
- Tested the workability of the Code among growers and encouraged them to adhere to the request of the sector to commit to the principles of the code.
- Included the obligation for growers to hold at least an environmental certificate (environmental registration and certification) in our Rules for Use of the Marketplace
- Helped buyers to make a sustainable choice by providing information on the certificates a grower holds, at the marketplace and by sharing with the buyers the percentage of flowers and plants that they bought with a certificate.

Royal FloraHolland has started their due diligence process with their top 50 suppliers of goods and services by sharing the IRBC Code of Conduct for the Floriculture sector and requesting a demonstration of compliance. With regards to the users of the market, Royal FloraHolland will keep monitoring developments in sustainability, align their Rules for Use of the Marketplace with suppliers of flowers and plants (growers) as well as with their buyers (exporters, wholesalers, and florists) for a level playing field. Updates of marketplace rules may include requiring a 'proof of good behaviour' such as the Code of Conduct or certification as obligatory part of these rules, both for growers as well as for buyers.

Concluding – due diligence

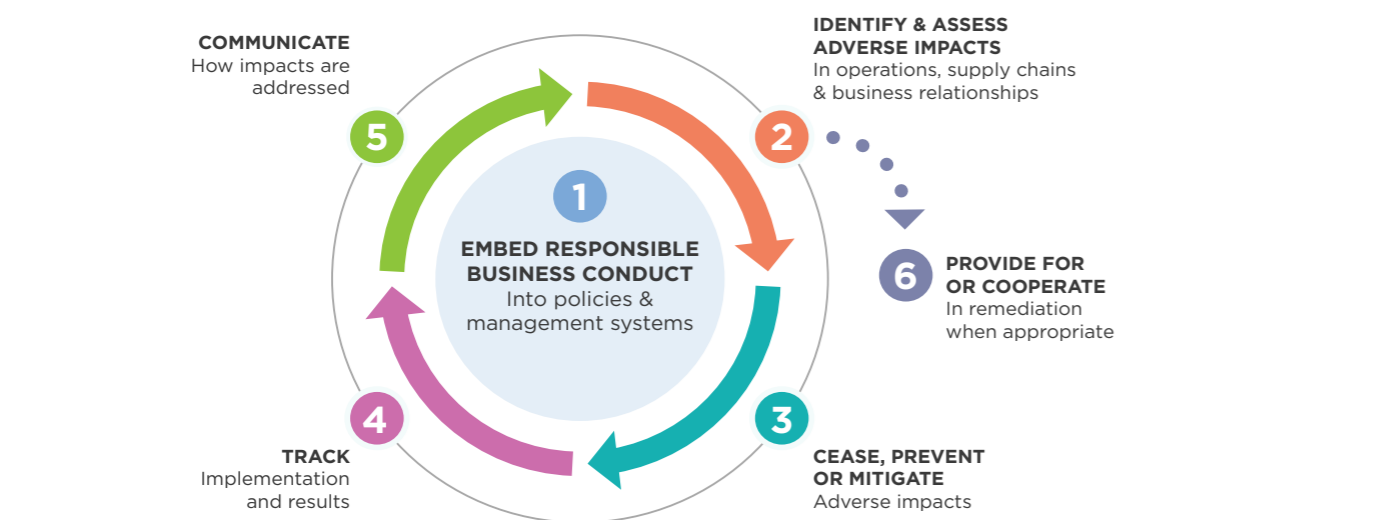
The section below summarizes the IRBC due diligence deliverables and learnings. In chapter 5 (Roadmap on due diligence), these findings and deliverables are translated into recommendations for the floriculture sector and its stakeholders.



A bird's eye view of the deliverables

The visual below captures all tools delivered by the IRBC agreement to enable a due diligence process per step of the cycle. Please refer to the above part of the chapter or to the [IRBC agreement website](#) for a more detailed explanation of the tools.

FIGURE 2 TOOLS DELIVERED BY THE IRBC AGREEMENT



- 1** The IRBC [floriculture code of conduct](#) and the [explanatory flyer](#) help companies to embed and communicate responsible business conduct.
- 2**
 - The IRBC [sector mapping](#) collects the most salient risks and [production and trade volumes](#) per sourcing region;
 - The IRBC [self-assessment questionnaire](#) (SAQ) helps companies identify and assess sustainability risks in their operations;
 - The digitalized SAQ and sector database helps companies to efficiently store and share risk information.
- 3** The [due diligence action plan](#) present recommendations for companies and multistakeholder initiatives for activities in each step of the due diligence cycle.
- 5** The IRBC [reporting a guidance and template](#) helps companies to communicate about their responsible business conduct efforts in an OECD-compliant manner.



Lessons learned and opportunities for further development

Overall due diligence progress

- Due diligence is a broad concept and although the 2020 baseline evaluation showed that many of the parties had measures in place to relate to the various steps in the due diligence cycle, only a limited part of those measures and processes were in alignment, with specific points of improvements in relation to step policies (1), risk assessment (2) and access to remedy (6).
- The 2022 due diligence evaluation demonstrated improvements in step 1, 5 and 6 of the due diligence cycle. The key remaining opportunities of improvement relate to step 2 and 4 of the due diligence cycle.
- Parties to the agreement, as well as relevant stakeholders such as FSI members, can make use of the IRBC tools and the [recommendations for a due diligence action plan](#) to address the remaining gaps and to become OECD aligned ahead of the due diligence legislation.

Tools and approaches

- The [supplier code of conduct](#) offers alignment in principles and values and the subsequent due diligence processes. The document clarifies collectively shared sector priorities and facilitates more aligned subsequent steps. A wider user audience will therefore add more value and consequentially it would benefit from integration into FSI.
- The [sector map](#) and sector [trade statistics](#) can be used to support risk assessment. They must however be updated regularly for future due diligence. A less maintenance heavy approach (e.g. externally managed databases instead of a self-made document) may be advisable.
- The [SAQ](#) focusses on risks not sufficiently addressed by the standards (based on FSI benchmarks) and therefore allows a company to prioritize risks. It can be used as (1) guideline to support suppliers in be-

coming OECD aligned and (2) to gather insights in the key gaps/ points of attentions for suppliers in certain regions. The pilot with the digitized version on Certif-eye shows that results can be aggregated and stored centrally.

- The reporting guidelines and templates offer a starting point for due diligence communication and may offer an aligned basis for the reporting ambitions for companies under FSI. These will have to be adapted once new legislation (CSRD, due diligence) and guidelines (e.g. GRI) are published.
- Although some companies and standards address access to remedy to some extent, there are no UN- and OECD-aligned grievance mechanisms available. The [grievance mechanism report](#) offers useful recommendations for both companies and FSI. Please see chapter 4 for more.

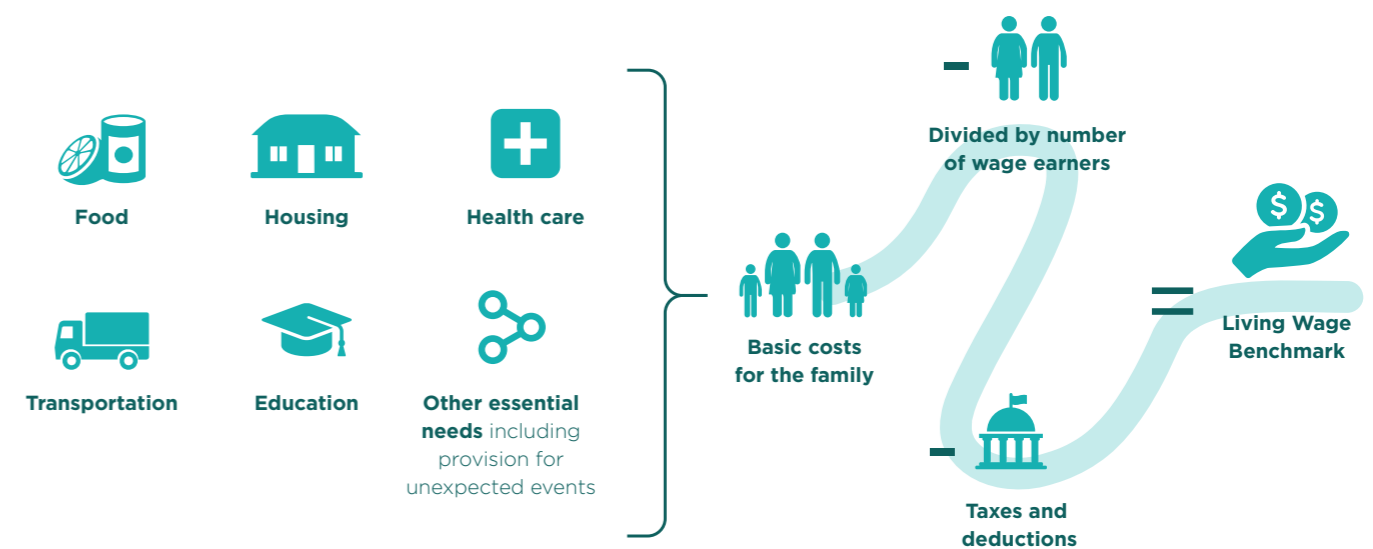
Applicability sector stakeholders

- Many (international) stakeholders outside of the agreement (e.g. exporters, associations, standards) require more clarity on what the anticipated due diligence legislation will mean for them. Platforms such as FSI, governments and CSOs are considered to play a key role in providing clarity and guidance. As well as do companies themselves by offering practical insights.
- Voluntary standards have become increasingly aware of due diligence and the role they can play to add value in a (primarily company-driven) process. Standards from the FSI basket of standards seem more aligned with the OECD guidelines than the benchmark for the FSI basket of standards. There seem to be opportunities for standards to add value regarding the OECD components on disclosure, human rights, and bribery. Non-alignment most often comes from a lack of attention for stakeholders outside a company (e.g. business relations in the supply chain, local communities and public institutions).



The living wage for a specific time and place is specified by a so-called 'living wage benchmark'. Living wage benchmarks are developed by independent research institutes.

FIGURE 3 CALCULATION OF LIVING WAGE BENCHMARK



Living wage is a fundamental and globally recognized human right, is integrated into the Universal Declaration of Human Rights as well as ILO standards and directly links to the UN sustainable development goal number 1 (reducing poverty and inequality). Furthermore, by securing a living wage, companies can lower reputational risks and reduce employee turnover⁶.

⁶ Productivity, Profits, and Pay: A Field Experiment Analyzing the Impacts of Compensation Systems in an Apparel Factory, <https://irl.berkeley.edu/productivity-profits-and-pay/>

3. Living Wage

Living wage is the remuneration received (both in-cash and in-kind) for a standard work week by a worker in a particular place, that is 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, transport, clothing, and other essential needs, including provision for unexpected events⁵.

⁵ Anker methodology, 2011

The IRBC agreement living wage objective

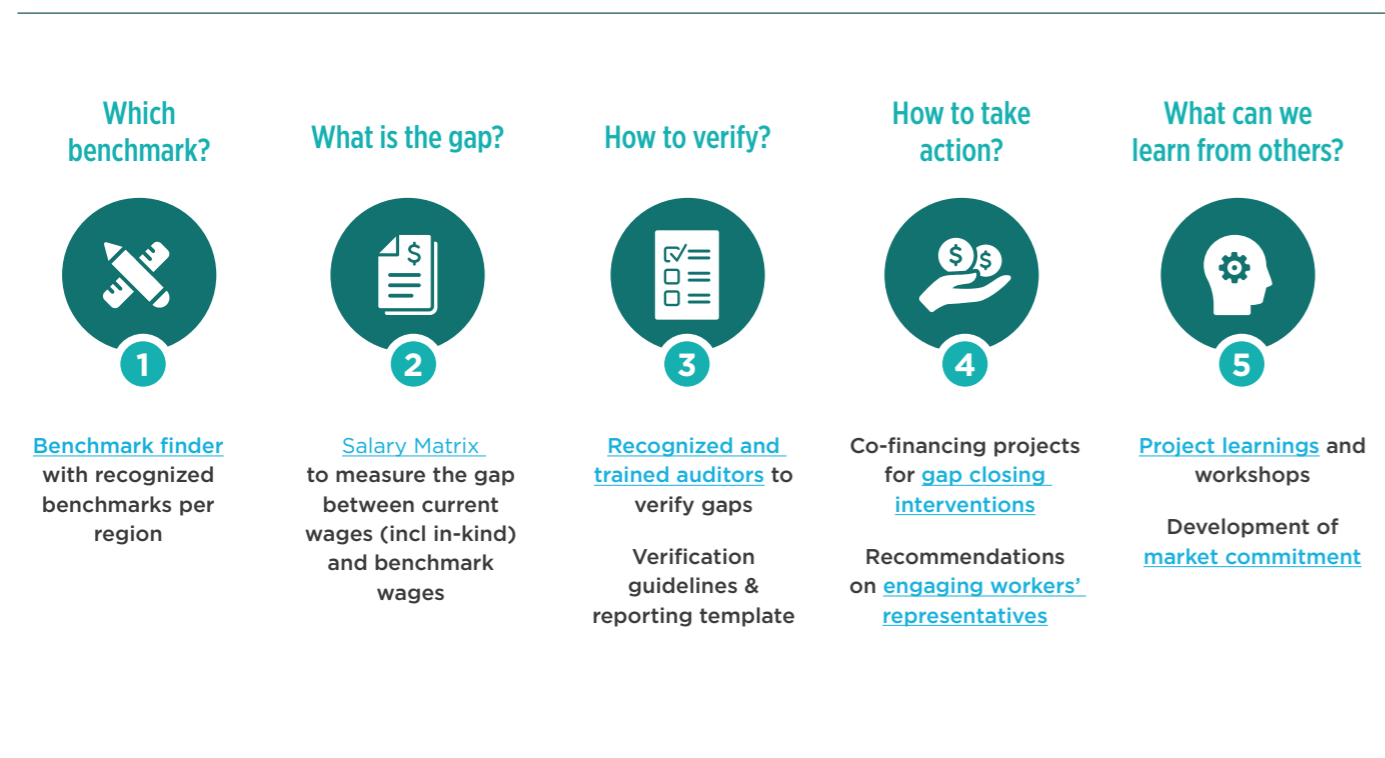
In recognition of the importance of living wage, the parties of the IRBC agreement have included living wage as one of the core focus areas of the agreement and committed to the following key objectives for living wage⁷:

- Parties will increase their level of knowledge and strive to identify concrete action perspectives regarding living wages within the floriculture sector and, where necessary, tackle them together.
- Parties will set up a living wage project or join an ongoing project.
- The Ministry of Foreign Affairs will, through the embassies and possibly a regional approach, commit itself to the realization of living wages in the floriculture sector that are established through collective bargaining.

YEAR 1 BUILDING KNOWLEDGE AND AN APPROACH

The parties have worked on Living Wage through a dedicated working Group to create the necessary knowledge and tools to be able to increase wages. In collaboration with FSI and living wage experts from IDH, a step-by-step plan to work on living wage was developed based on the 5-step plan from the IDH Living Wage Roadmap Coalition. The 5-step plan has over time been updated with insights from the pilots in the second and third year and has been updated with insights from other sectors as well.

FIGURE 4 HOW TO ADDRESS LIVING WAGE



7 Please refer to annex 1 for the complete list of objectives from the IRBC agreement

In addition to the work on a living wage, the working group made first steps to move the wage levels in production locations without a statutory minimum wage to at minimum equal the World Bank's extreme poverty line. The deadline for this objective was April 2020 and although the production parties⁸ confirmed their fulfilment, the overall progress was delayed as the group (including trading companies with a multitude of suppliers) pursued an intervention which would ensure that the wage level is applied to the entire sector. The group therefore requested voluntary sustainability standards that are active in countries without a legal minimum wage, to transform the world bank poverty line threshold into a requirement and to integrate into their code of practice. Though two out of three relevant voluntary standards have done so (Fairtrade and MPS), one has not confirmed this in writing (EHPEA). This suggests the need to update relevant social benchmarks (e.g., SSCI) to ensure complete alignment.

YEAR 2 MEASURING LIVING WAGE GAPS AND GATHERING EXPERIENCE

In year two the members of the working group established living wage farm pilots. During the pilot, 27 farms in Ethiopia, Kenya and Uganda were trained about living wage and the use of the IDH Salary Matrix to measure their living wage gap⁹. By doing so, parties gained insights into how much still needs to be done to work towards a living wage, and what opportunities and barriers still lie ahead. The pilots also led to a broad collection of feedback on the salary matrix, which – together with experiences from other sectors – allowed IDH to improve the tool further.

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Living Wage Benchmark Current Remuneration Living Wage Gap

8 Production companies are growers / breeders, and do not include trading companies or retailers.

9 A living wage gap refers to the difference between a living wage benchmark (indication of living wage in a given region and time) and remuneration (in-cash and in-kind benefits) of a worker.

To ensure trusted and verified pilot insights, several voluntary standards, and auditors¹⁰ were trained on living wage so that they could evaluate progress and evaluate results toward the end of the pilot (year three). To enable verification under the COVID-19 travel restrictions, this training was set-up around remote verification of the salary matrices. As such, these farm measurement pilots also resulted in the first available online living wage verification protocol.

In addition to the pilots, the Dutch Ministry of Foreign Affairs, and the Dutch embassy in Ethiopia, organized an online Living Wage session to create awareness about the importance of Living Wage. During the session, various Ethiopian growers and members of the Living Wage working group discussed challenges and opportunities. As it is essential to have a connection to the situation on the ground, it would be useful to build similar relationships with other embassies.

YEAR 3 INTERPRETING AND ADDRESSING LIVING WAGE GAPS THROUGH COLLABORATION

In the third year the farms in the living wage measurement pilots completed their measurements, and involved standards evaluated results. The outcomes were reviewed by both the participating farms and members of the IRBC working group and served as basis for a supply chain living wage pilot.

Results living wage measurements

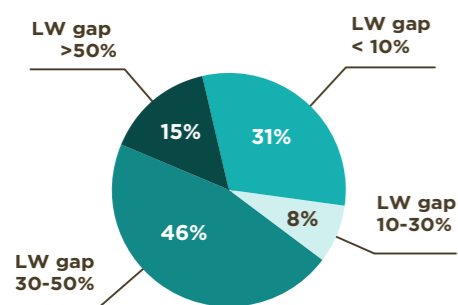
The 2021 living wage farm pilots covered a limited selection of farms and as this was the first-time wages were measured, results should be considered an indication of the challenge ahead and not as a fully representative and definitive outcome.

10 MPS-ECAS, Flocert, Kenya Flower Council, Ethiopian Horticulture Production and Export Association

The living wage measurements did however provide an understanding of the order of magnitude of living wage gaps and offered first experience into the use of the underlying methodology. Both of which are useful in setting the course for living wage in the flower sector.

- Main results: Results show that 69% of the employees on the participating farms have a living wage gap. Most of those employees have a living wage gap between 30 and 50%.
- Gender analysis: The gender analysis shows that female workers (5510) pose a 57% majority of the total workforce (9690) that was in scope. Female employees have a living wage gap more often than their male counterparts, although the size of the living wage gap does not seem to differ substantially.
- In-kind benefits: An analysis of the in-kind benefits data considers the thresholds stipulated by the Anker & Anker Methodology¹¹. In-kind benefits accounted on average for 9% and did not differ between male and female employees.

FIGURE 5 LIVING WAGE GAPS OF WORKERS BELOW A LIVING WAGE



¹¹ Per the working definition of living wage, the total value of in-kind benefits cannot exceed 30% of total remuneration.

KEY INSIGHTS 2021 LIVING WAGE PILOT EVALUATION

Usability of methodology

Experiences from the 2021 living wage measurement pilots tell us that, if combined with proper verification and guidance from a third party such as a standard or auditor, the salary matrix and underlying benchmarking methodology offers a suitable and aligned way of working on living wage as a sector.

Defining and interpreting in-kind benefits

The most challenging part of the living wage measurement is the identification and assignment of in-kind benefits (IKBs), as it can be challenging to determine if the IKBs you have fulfilled requirements of the Anker Living Wage Methodology, or because a farm can entirely miss IKBs because they have not mapped and/or defined them in policies or HR structures. Knowledge partners such as CSOs or standards may be able to provide support in these interpretations.

Understanding and communicating living wage

Beyond the methodology of living wage, communicating about living wage requires a good understanding of what living wage is and how they can address it in collaboration with chain partners, to not overpromise. Worker committees and external advisors are most often mentioned as a vehicle for dialogue with workers about this, and social dialogue with workers in general is considered a key part of living wage activities on for instance determining appreciation of in-kind benefits.

Buyer support helps to enable next steps

Participants indicated that other farms and standards are starting to move on living wage the most. Buyers are also starting to move but to a lesser extent. Several participants indicated that if their buyers were willing to join them, they feel more confident to start closing living wage gaps.

Evaluation of living wage measurements

The third year of the IRBC agreement also marked the evaluation of the processes that were part of the assignment.

These insights are a valuable basis for the 2025 strategy from FSI and furthermore served as a basis for the design of a more collaborative approach (including multiple supply chain stakeholders and not only farms). The development of which kicked off early in year three. The project plan was developed by members from the living wage working group and is now being implemented by an independent consultant (project management), a producer, a trader and a retailer. The objective of the project is to develop knowledge about possible approaches to reducing a living wage gap. The project will be finalized in October 2022, after which lessons will be shared.

THE IRBC AGREEMENT LIVING WAGE CHAIN PILOT

“As stakeholders to the IRBC agreement, the Floral Connection and Albert Heijn acknowledge the importance of a living wage for workers. Together with Nini roses, we are therefore collaborating in an IRBC Floriculture Agreement project to generate more knowledge around living wage and ways to address this in collaboration with other supply chain stakeholders. We hope to use the anticipated learnings in our efforts to progressively work towards a living wage.”



Marloes Bruin,
Sustainability Manager at
Albert Heijn



Marko van Kesteren,
Team Manager Quality
Assurance at The Floral
Connection, Dutch Flower
Group



Living Wage in summary

The below section summarizes the IRBC living wage deliverables and learnings. In chapter 5, these findings and deliverables are translated into recommendations for the floriculture sector and its stakeholders.



Bird's eye view of recommended tools, approaches, and roles

The below visual captures all tools delivered by the IRBC agreement to enable a due diligence process per step of the cycle.

TABLE 4 ROADMAP ACTIVITIES

	Which benchmark?	What is the gap?	How to verify?	How to take action?	What can we learn from others?
ACTIVITIES IRBC AGREEMENT	Collection of available benchmarks 2020 Train farms and auditors on LW basics 2021	Salary matrix training and farm measurement pilots 2021	Remote data check & audit training standards 2021 Verification farm living wage measurements 2021	Living wage supply chain pilots 2022	Evaluation pilot results with WG, farms & standards 2022 Evaluation preliminary insights chain pilots 2022
REPORTS & LEARNINGS		Aggregate report farm measurement pilots 2021	Remote data check protocol 2021	Anticipated final report supply chain pilots 2022	Anticipated final report supply chain pilots (2022)
TOOLS	Benchmark finder with recognized benchmarks per region	Salary Matrix to measure the gap between current wages (incl in-kind) and benchmark wages	Recognized and trained auditors to verify gaps Verification guidelines & reporting template	Recommendations on .	Project learnings and workshops Development of market commitment



Lessons learned and potential for improvement

Overall experience:

- Living wage is of growing importance to the market and will remain on the sustainability agenda for many companies in the years to come, for the IRBC agreement, this is reflected by the integration of living wage into the IRBC floriculture code of conduct
- Indicative measurements so far tell us there are substantial living wage gaps in Ethiopia, Kenya, and Uganda. There is also a gender disbalance and room for addressing living wage through in-kind benefits, if this follows worker dialogue. Farms that measured their gaps can use their findings as baseline to base improvements on as some of their buyers may have an ambition to reduce a living wage gap (FSI members).
- The currently available methodologies offer a structured and aligned way of measuring and monitoring living wage gaps. Availability of more up to date benchmarks for regions remains a point of improvement

Stakeholder support and collaboration:

- Standards and auditors are vital as they enable verified information and prove helpful in helping farms to identify in-kind benefits. Integration of the methodology into standards enables aligned measurements across the sector.
- Farms signalled desire for support or more knowledge in living wage measurement (e.g. defining in-kind benefits) and communicating (e.g. social dialogue) and may benefit from support of (local) knowledge partners.
- Though living wage gaps can be addressed in various ways (in-kind benefits, bonuses, purchasing agreements, production) some interventions will require supply chain wide support.
- Minimal wage level thresholds such as the world bank poverty line were integrated by two out of three relevant voluntary standards, suggesting that benchmarks such as SSCI are to be updated to make this a unilateral requirement.





4. Responsible agro-chemical management

Introducing responsible agrochemical management

Flowers and plants are produced and sold around the world and move through a global supply chain. Agrochemicals are used judiciously throughout the supply chain and to ensure proper use and prevent negative impact on the environment, it is essential that the floriculture sector conducts responsible agrochemical management.

The parties to the IRBC agreement recognize that the use of plant protection products can have an impact on both the environment and the social working conditions of workers. During the agreement term, parties have therefore worked on reduction of the environmental impact of the use of plant protection products and the promotion of safe use of plant protection products in nurseries.

The objectives around responsible agrochemical management

In recognition of the importance of responsible agrochemical management, the parties of the IRBC agreement committed to the following objectives:

- Parties contribute to the development of a widely supported methodology to provide insight into the environmental burden of crop protection products.
- Parties will engage with chain partners and other stakeholders to identify and remove barriers to safe use, and to identify and promote best practices.
- The Parties shall ensure the reduction of the environmental burden and shall organize adequate monitoring of the use of this methodology.

YEAR 1 TAKING STOCK OF BEST PRACTICES & SUPPORTING EXISTING INITIATIVES

Parties started working on the reduction of the environmental impact and promotion of safe use of plant protection products in nurseries through the working group for responsible agrochemical management. In the field of safe use, the parties took stock of the risks of the use of agrochemicals at various points in the chain, which was used as a basis for the development of solutions around safe use. In terms of environmental impact, the working group reviewed options for joining existing initiatives rather than competing with them and agreed fully committing to the support of the top sector project Environmental Indicator Crop Protection (EICP), with the aim of securing the use of the indicator in the (international) sector.

YEAR 2 IDENTIFYING BEST PRACTICES FOR SAFE USE & TESTING ENVIRONMENTAL IMPACT MEASUREMENT

In terms of safe use, the parties reviewed the inventory of risks related to pesticide use to identify the 5 most urgent ones. The parties subsequently set up an online study to identify the underlying causes of these risks, covering company policies, execution of plant protection products, types of pest protection products (PPPs) used, roles of stakeholders and training and awareness. Following the country prioritization from the sector map, the study was conducted in Kenya and Uganda. The results of the study showed that farms usually have well-thought-out processes in place and score well on most aspects. In terms of training and awareness, some companies may benefit from more attention for the training of new employees. Worker committees prove to be essential in support of training and awareness creation, with respondents indicating that they help with ad-hoc / periodical review of incidences, monthly inspections of equipment and spraying plans, and regular risk inventory to ensure that the proper PPPs and personal protective equipment are used. The (support of worker committees in) regular training for new employees, and the awareness creation for use of biological PPPs were also identified as a best practice for standards to include into their requirements.

In case there is an incident, it often arises from non-compliance with procedures for various reasons (for example not wearing a protective suit due to high temperatures or dispersing of empty containers in non-compliant ways because there is no local infrastructure and capacity to get empty containers picked up and/or destroyed).

In terms of environmental impact, agreement stakeholder MPS supported the EICP by contributing to a theoretical test case (testing a calculation model based on data) and several working group members participated in an EICP pilot for international chrysanthemum cultivation (applying the methodology to nurseries). The test and the pilot led to a sharpened version of the methodology and showed that although the meth-

odology was rigid and correct, its use meant that a database of active ingredients was first developed. The deployment of the instrument also requires explanation from the parties to the agreement. This feedback was included in year 3, in which the pilot was completed.

DEVELOPING THE ENVIRONMENTAL INDICATOR CROP PROTECTION

“MPS has been operating in the floriculture industry for more than 25 years. The active participation of MPS in both the IRBC agreement and the consortium for the development of the Environmental Indicator Crop Protection (EICP), allowed MPS to share knowledge and experience from both itself and its fellow IRBC agreement stakeholders. The final objective of that work is to achieve a unique tool, to be used nationally and internationally, that calculates the impact of the use of crop protection agents, both in horticulture and floriculture sectors, in the entire chain.”

Luisa Mealha Stigter,
Technical Specialist at MPS



YEAR 3 PILOTING ENVIRONMENTAL IMPACT MEASUREMENT

In the third year of the agreement, parties focused on the completion of the EICP pilot by reviewing the results. The parties also commissioned research by stakeholder 'Natuur & Millieu' to start capturing thoughts and recommendations on how to best integrate and use the EICP in the sector.

The pilot of the IRBC pointed out that - with a completed active substance database for complete and correct input data - the calculation methodology for the measurement of impact on the environment is rigid and of value to the sector. Learnings from the pilot however also showed that if the EICP and underlying database are to be usable for the sector beyond just chrysanthemum, the database will have to be expanded with at least 150 active substances. Furthermore, the EICP tool would have to be updated to make sure that output data can be stored, monitored and compared to allow for improved agrochemical management. The EICP software would also benefit from a linkage to other databases and systems (such as those managed by certification schemes) to scale its use.

Although the methodology would work pending that update, efficient and proper use of the EICP in the sector would still warrant a proper governance structure. The research of Natuur en Millieu covered several options for governance and provided recommendations to set up an independent foundation for ownership of the EICP methodology and active substance database, involving interested parties from the original EICP consortium or outside of it (e.g. FSI). The interface / software to apply the methodology and database which would then be developed decentral, meaning organizations can develop their own tool if their software is verified for quality and adherence to the methodology by an accredited source. This would allow the tool to be tailored to a target audience in the best manner and would for instance enable voluntary standards in the FSI basket of standards to integrate the tool into their system.

INTEGRATING THE ENVIRONMENTAL INDICATOR CROP PROTECTION

“Natuur & Milieu greatly values responsible agrochemical management and has been promoting this through active participation in both the IRBC agreement and the Environmental Indicator Crop Protection consortium. We see the work of both initiatives as complementary and will build on the learnings from our research for the IRBC agreement to promote uptake of the EICP in the international floriculture sector.”



Berthe Brouwer,
Project Manager at
Natuur & Millieu

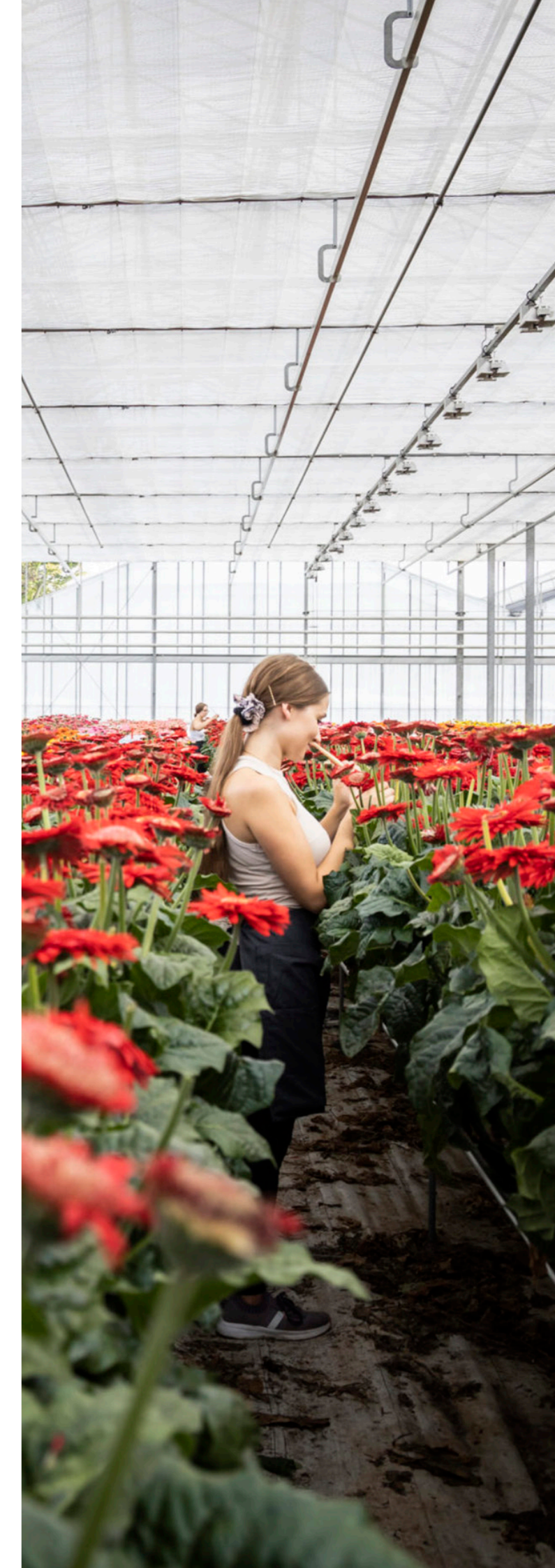
**NATUUR
& MILIEU**

Women's rights and gender equality are one of these topics and have been integrated into other activities. In due diligence for instance, through integration of gender equality aspects in the supplier code of conduct and organizing a gender-responsive due diligence working group. In living wage this has been done through analysis of living wage gaps in a gender-disaggregated manner, which should also lead to gender-sensitive learnings in the ongoing living wage chain pilot. Another topic that was addressed directly via IRBC agreement activities was land rights, for which the Secretariat and Ministry of Foreign Affairs organized a learning session.

Climate change and water usage have been addressed by the members of the IRBC agreement in alignment with [FSI](#). Members of FSI apply a life cycle assessment to measure a product carbon footprint and water use efficiency, and monitoring progress towards the ambition of reducing the environmental footprint by 2025. The due diligence evaluation pointed out that this approach has led to substantial supply chain engagement for environmental sustainability, at the same time exposing how this is lacking for the more social topics. Water quality also features in the EICP which the agreement parties have supported, allowing a user to measure impact of pesticide use on ground- and surface water.

5. Other priority themes

Aside of the three priority themes above, the members of the IRBC agreement have also addressed other themes. Although these are equally important as the other themes, the parties to the agreement have decided for reasons of capacity to address these by incorporating them into other IRBC agreement activities or through alignment with the activities of FSI members.





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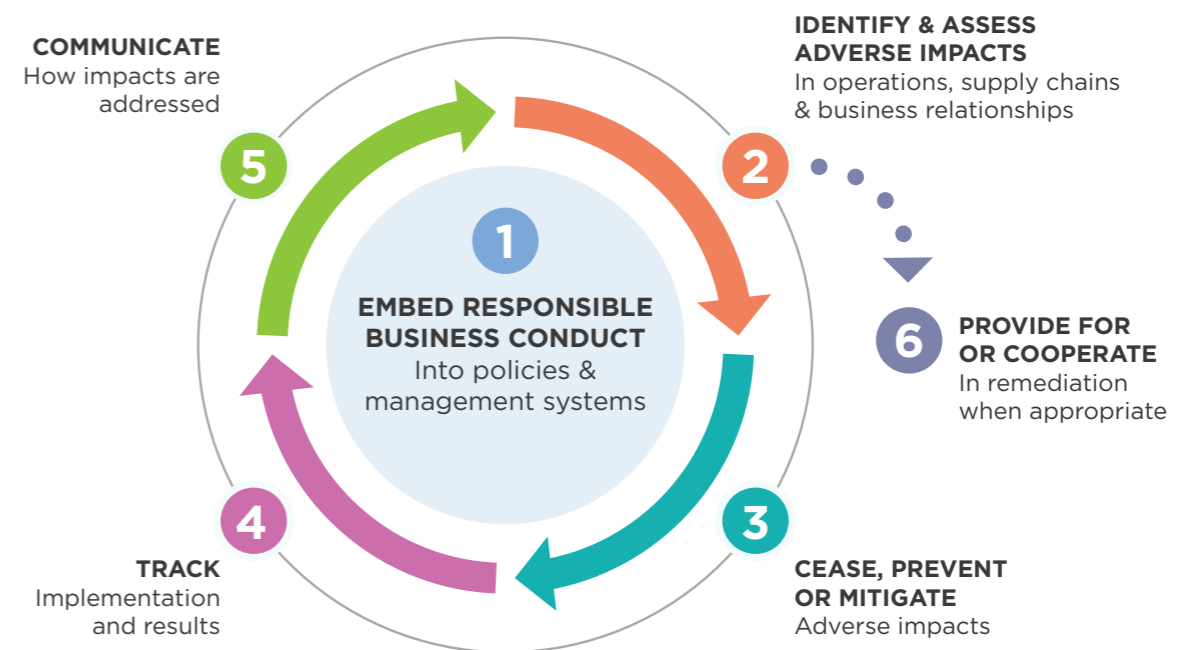
6. Integrating learnings and results – The IRBC roadmap for the floriculture sector

ROADMAP FOR DUE DILIGENCE

Recommendations for companies per step of the due diligence cycle

The IRBC agreement has come to a step-by-step recommendation of the implementation of a due diligence process. The below section summarizes the key recommendations and actions that were identified. Please refer to the full report with [recommendations for a due diligence action plan](#) for more detail.

FIGURE 6 ROADMAP ACTIVITIES



STEP 1

Embed responsible business conduct into policies and management systems

Recommendations from the IRBC agreement:

- Implement the [IRBC code of conduct](#), update your existing policies based on it or develop a new policy based on it.
- Integrate the code of conduct or other relevant policies into the organization's procedures by getting management buy in, actively involving co-workers (outside of the RBC department) and engaging and [communicating](#) with suppliers.

STEP 2

Identify and assess actual and potential adverse impacts associated with your organization's operations, products, or services

Recommendations from the IRBC agreement:

- **Stimulate and facilitate:**
 - To inform the first steps in the scoping of an organization, refer to the [IRBC sector map](#) and [sector trade statistics](#) for a quick overview of the most substantial trade and production flows per country, as well as the salient risks in those country. The freely available online [MVO risk checker](#) and the [World Economic Forum Gender Gap Report](#) also offer a very useful starting point for general risk and gender-specific risks respectively.
 - Use the [supplier self-assessment questionnaire](#) (SAQ) with suppliers that are certified under FSI requirements to (1) guide them in what they need to set up to become more aligned with the OECD guidelines or to (2) gather and aggregate their responses to identify general points of attention for suppliers in a certain area.
 - Assess the severity and likelihood of the results from the SAQ and prioritize risks by determining (together with stakeholders) direct or indirect involvement of the organization. Develop targets for addressing the prioritized risks.
- **Work towards impact:**
 - Implement actions identified through the risk prioritization and – if needed – start small by prioritizing a specific region, product or even a business relation.
 - Ensure shared value for supply chain partners by defining what is in it for them

STEP 3

Cease, prevent and mitigate adverse impacts

Recommendations from the IRBC agreement:

- Individual interventions: updating internal processes to accommodate due diligence. For example: making new standard price and supply arrangements, expanding the CSR department's capacity (FTEs,

budget, authority & decision-making) to enable more support in the validation and guidance of business relations.

- Collaborative interventions: Jointly address the prioritized risks. Start small to keep things pragmatic, focussing on e.g. a country, region, product or even business relation. Ensure mutual understanding and benefit for both ends of the business relation.
- Collaborative interventions: Organize one-on-one guidance (individual approach) for companies to address the prioritized risks, including setting SMART goals, seeking partners to influence (leverage), financing the actions and monitoring progress

STEP 4

Track implementation and results

Recommendations from the IRBC agreement:

- **Stimulate and facilitate:**
 - Individual intervention: If sustainability principles (step 1) and prioritized risks (step 2) are recognized by higher management and interventions have been made to cease, prevent and/or mitigate, agree on Key performance Indicators (KPIs) to monitor interventions. Make KPIs applicable to e.g., the procurement and quality departments and ensure data collected is disaggregated by gender to avoid overlooking specific risks for women.
 - Collective intervention: Align on KPIs collectively, for example through supporting the set-up of monitoring and reporting protocols in initiatives such as FSI.
- **Continuous improvement:**
 - Set-up or utilize existing contact with suppliers to review impact of interventions, using for example the self-assessment questionnaire for a structured conversation.
 - Engage with knowledge partners such as CSOs and collect and review data and research on sourcing regions to steer your processes with.
 - Use complaints mechanisms to signal potential adverse impacts.

STEP 5

Communicate how impacts are addressed

Recommendations from the IRBC agreement:

- Publicly report on due diligence processes as (part of) non-financial company reports, covering sustainability efforts an organization already has or intends to set up based on recent experiences. For guidance on “compliant”¹² reporting, use:
 - The [IRBC floriculture reporting guidance and template](#), or;
 - The [OECD guidelines for responsible business conduct](#) (page 33) .
- Set up internal communication on due diligence, the accomplished results and future plans by e.g. setting up trainings, writing blogs, or sending newsletters.

STEP 6

Provide for or cooperate in remediation when appropriate

Recommendations from the IRBC agreement:

The following bullets summarize key points of the [grievance mechanism advisory report](#), which we recommend everyone to refer to for more detailed recommendations.

Setting up a grievance mechanism:

1. Start local: Primarily, grievances from workers or affected communities are dealt with at the level where the grievance occurred, the 'local level'. In this context it is recommended to:
 - a. Ask suppliers to ensure hotlines or access points to receive grievances or complaints, and mechanisms to deal with them
 - b. Make sure that HR departments, local trade unions and/or local governmental agencies are made aware of an organization's sustainability principles so they can deal with grievances and complaints.
 - c. Besides asking suppliers to set up a grievance mechanism, (buyer/trade) companies should also set up a mechanism at their 'local level'.

d. Make sure employees throughout the business are aware of the procedure and policies so that they can make use of the systems in place.

e. Ensure that there is an escalation procedure in case complaints cannot be addressed

2. Make use of existing standards, national governments and/or producers associations:

a. Enable updates of standards with criteria to address more commonplace complaints

b. Ensure that state is aware of- and involved in access to remedy for human rights abuses because of business practise and ensure the role of (local) trade unions.

c. Ensure that sector associations are aware of- and involved in access to remedy related to adverse impacts which affect the overall sector

3. Bundle forces in multi-stakeholder sector initiatives: in case grievances cannot be resolved in upstream levels of the supply chain, a company can utilize multistakeholder initiatives to e.g.:

a. Influence on certification schemes, governments and/or producer associations to change production practices or better arrange working conditions

b. Collect and share best practices to avoid or mitigate adverse impacts or grievances from other countries/value chains.

c. Assess remedy options for similar cases in other sectors.

The National Contact Point (NCP) is always an option, but not necessarily a first step: All countries that subscribe to the OECD guidelines have a National Contact Point (NCP), which is responsible for handling enquiries and contributing to the resolution of conflicts arising from the conduct of companies. The NCP cannot make legally binding recommendations for the resolution of grievances, and the provision of remedy; it can only make recommendations.

¹² Please note that neither the CSRD regulation, the EU due diligence legislation nor relevant guidelines such as GRI have been finalized yet at the time this report was published. The IRBC reporting guidelines therefore cannot yet deliver compliant reporting but do offer a basis which aligns with the most up to date developments of these anticipated frameworks.

Point of attentions for existing grievance mechanisms:

- Ensure that a company's IRBC (internal, ethics) policy, and related internal grievance processes are in place and functional, to assess and handle complaints
- Ensure that grievance mechanisms are part of the Code of Conduct communicated to suppliers.
- Work with direct, important (high-risk) suppliers to ensure that access to remedy is arranged at their level.

Recommendations other stakeholders

Due diligence is primarily a company-driven process but substantially benefits from support of other stakeholders due to its broad scope.

UN CRITERIA FOR EFFECTIVE GRIEVANCE MECHANISMS

To ensure effectiveness, grievance mechanisms should be:

- ✓ Legitimate
- ✓ Accessible
- ✓ Predictable
- ✓ Equitable
- ✓ Transparent
- ✓ Rights compatible
- ✓ A source of continuous learning
- ✓ Based on engagement and dialogue

CSOs and Unions

As a knowledge partner to- and (local) stakeholder of the floriculture sector CSOs and Unions can – in collaboration with companies – offer support across the steps in the due diligence cycle by:

- 1 Co-designing or reviewing principles, values and sustainability ambitions in policies or strategies.

- 2 Supporting the identification of risks by sharing observations (from the field) with companies, or by validating the results of a company's risk assessment and prioritization.
- 3 Offer (local) capacity in ceasing, preventing and/or mitigating risks, for example as co-implementing partner in a sustainability project.
- 4 Organizing knowledge sessions with companies, especially in the field of social issues in the chain¹³. This can include upcoming or running programs as well as lessons from programs that have been closed.



Women Win stakeholder forum for women's economic resilience in the floriculture sector: CSO support to build capacity on a range of topics from gender mainstreaming to gender responsive human rights due diligence.

Voluntary standards and auditors

Certification is a means to reach a target, not a target for achieving impacts. Nonetheless, as key private sector partners for the verification of sustainability actions and their results, voluntary standards and auditors can play an important role in supporting due diligence. Per step of the due diligence cycle, recommendations are to:

- 1 Review the gap IRBC analysis of the OECD and FSI benchmarks, compare those gaps with the individual voluntary standard and – where relevant – address

¹³ In general, people are aware of environmental issues and driven to tackle them, also in connection with .m health / safety for consumers. Giving people in production countries a face and having them explain what daily practice is, will increase awareness about social issues and the impact on human well-being of employees and increase the motivation to address these types of issues.

prevailing gaps by updating the code of practice to accommodate these (using recommendations in annex 2). Use FSI to discuss options for a collective way of addressing gaps and integrating the recommendations from the benchmark comparison in year 3.

- 2 Utilize sessions with companies that are being certified, or reviews of audit reports, to stay up to date with the most prevalent and salient risks, to determine ways to add value as standard by addressing them.
- 3 Assist companies in the additional steps for example when it comes to stakeholder engagement when assessing and addressing risks.
- 4 Build on the development of increased alignment in record keeping (e.g. FSI basket of standards - environmental scope) and apply record keeping requirements and principles to both environmental and social topics to enable certified companies to monitor, manage and communicate results of sustainability interventions.
- 5 Determine the role that can be played in (1) receiving complaints from the supply chain and/or (2) the process of escalation in case a plaintiff (staff) and the defendant (company) cannot reach an agreement.



IDH and the Kenya Flower Council sign an MoU to ensure capacity and alignment in the measurement and verification of living wage gaps. As a living wage verifier, the Kenya Flower Council will be able to support its member farms as they measure their potential living wage gaps and work towards closing it, ensuring trusted and verified data.

FIGURE 7 FSI BASKET OF STANDARDS

FSI 2025 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		●	
SAB8000 STANDARD			●

Collaboration through- and integration with FSI

Fortify the FSI Integrated reporting ambition for 2025 by adopting IRBC learnings and deliverables per related step of the due diligence cycle:

1. Adoption of the IRBC floriculture sector [code of conduct](#) as FSI recognized policy by January 2023.
2. Adoption of the [IRBC sector map](#) and digital SAQ as recommended risk assessment tools. Refine and update the tool and consider how it can also be used to support annual materiality request required by the EU CSRD. Also consider the use of existing risk assessment instruments such as the MVO risk checker or the SIFAV risk tool as a less maintenance-heavy alternative.
3. Utilize existing or new projects with members to test concept approaches in addressing e.g. living wage, gender equality or responsible agrochemical management.
4. Create 'living' monitoring protocols (covering environmental footprint, living wages and responsible sourcing). Update the protocols annually as (draft) legislation and related or relevant guidelines (e.g. GRI) become more concrete.
5. Adopt the [IRBC reporting template](#) for alignment with the anticipated due diligence criteria for upcoming legislation. Update the template annually as (draft) legislation and related or relevant guidelines (e.g. GRI) become more concrete.
6. Based on the IRBC [grievance mechanism report](#), further investigate and work out options of setting up a collective grievance mechanism for members, considering roles of companies, standard owners and certification bodies, (local) governments, producer organisations and/or NCPs.

Above and beyond the individual steps in the cycle:

- Leverage the FSI basket of standards to ensure that standards all address OECD due diligence gaps and help deliver data that can be used for monitoring and reporting. This could be done by performing a full

external benchmark of standards against the OECD criteria, using the findings and recommendations in the FSI benchmark comparison (annex 2) as basis.

- Align with similar sector sustainability initiatives (e.g. SIFAV) to further scale aligned due diligence methodology and compliance.
- Engage with the International Trade Centre (standards map) and OECD to enable a formal recognition of how standards or FSI itself offers compliance with OECD guidelines.



Recommendations for companies per step of the living wage approach

The IRBC agreement has adopted the 5-step approach to living wage from the Living Wage Roadmap Coalition. The 5-step living wage approach has been gradually updated with insights from e.g. the living wage farm pilots as well as with insights from other sectors.

Preparatory phase

The first three steps in the approach can be defined as a preparatory phase, leading up to the identification of a living wage gap and underlying hotspots, opportunities, stakeholders, and priorities to take for addressing the gap.

1. Identify recognized and [available benchmarks](#) for the specific production or sourcing region.
2. Inform relevant supply chain partners of your living wage objectives and – if relevant (e.g. if you are a trader or retailer) – ask them to complete the Salary Matrix. Provide them with the relevant supporting documentation and background materials.
 - Use the [IDH salary matrix](#) or similar tools to measure the living wage gap.
 - Make use of the [salary matrix e-learning](#) and the FAQ functionality in the tool to help identifying and interpreting your in-kind benefits.

FIGURE 8 PREPARATORY PHASE

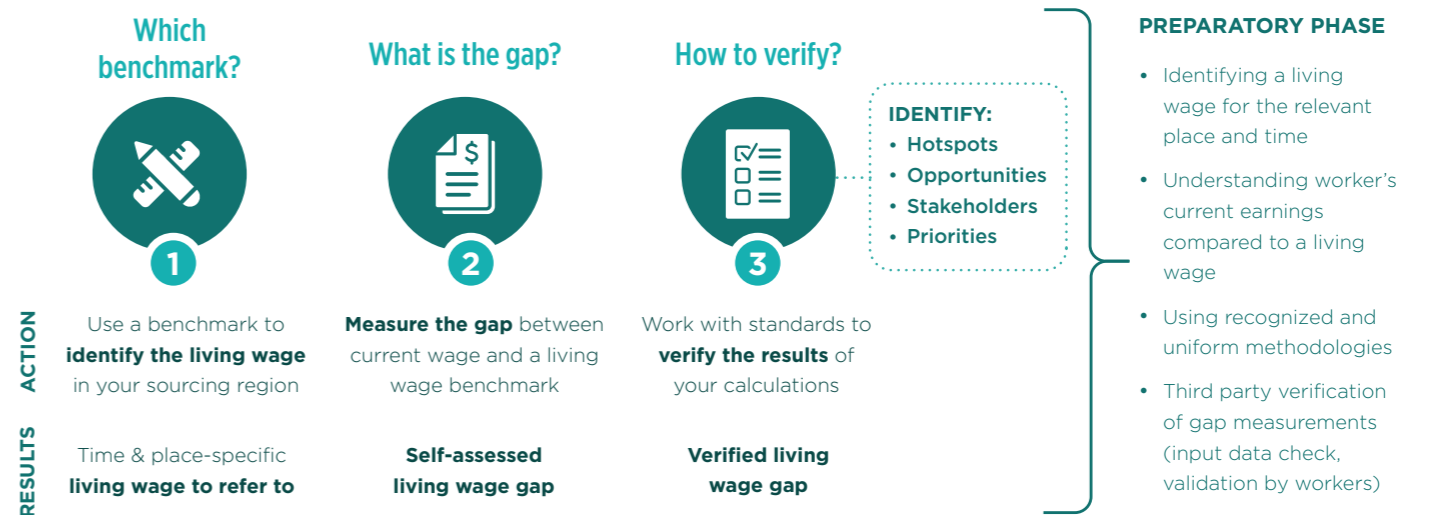


FIGURE 9 TESTING AND IMPLEMENTATION PHASE



- Engage with [recommended living wage verifiers](#) to ensure that you have verified and trusted measurements, but also in order to gain support in filling in the salary matrix.

Testing and implementation phase

The fourth and fifth steps comprise the testing and implementation phase, during which organizations (collaborate to) address living wage gaps. As interventions will develop and refine over time, it is important to continuously share learnings and create a more level playing field.

- Once you have the data on the living wage gap and identified hotspots, opportunities, and relevant stakeholders, establish shared frameworks with the key supply chain partners to work towards closing the gap, with concrete milestones. Make a [public commitment](#).
- Share learnings to inspire and help others, but also benefit from lessons from frontrunners such as [Eosta](#) (selling the first living wage mango's), [Fairphone](#) (adopting better purchasing practices) or [Nudie Jeans](#) (providing transparency).

Throughout the process - Worker dialogue

Throughout the process, companies are strongly encouraged to facilitate worker dialogue and engagement to ensure a process that is supported throughout the organisation. [Worker representative's](#) offer one of the entries into worker dialogue. Dialogue with workers is also an important part of living wage verification.

Recommendations per stakeholder

Building on the above living wage approach, the results of the 2021 living wage farm measurement pilots and the intermediate results of the 2022 living wage supply chain pilots, the recommendations per stakeholders can be summarized as per table 5 on the next page.

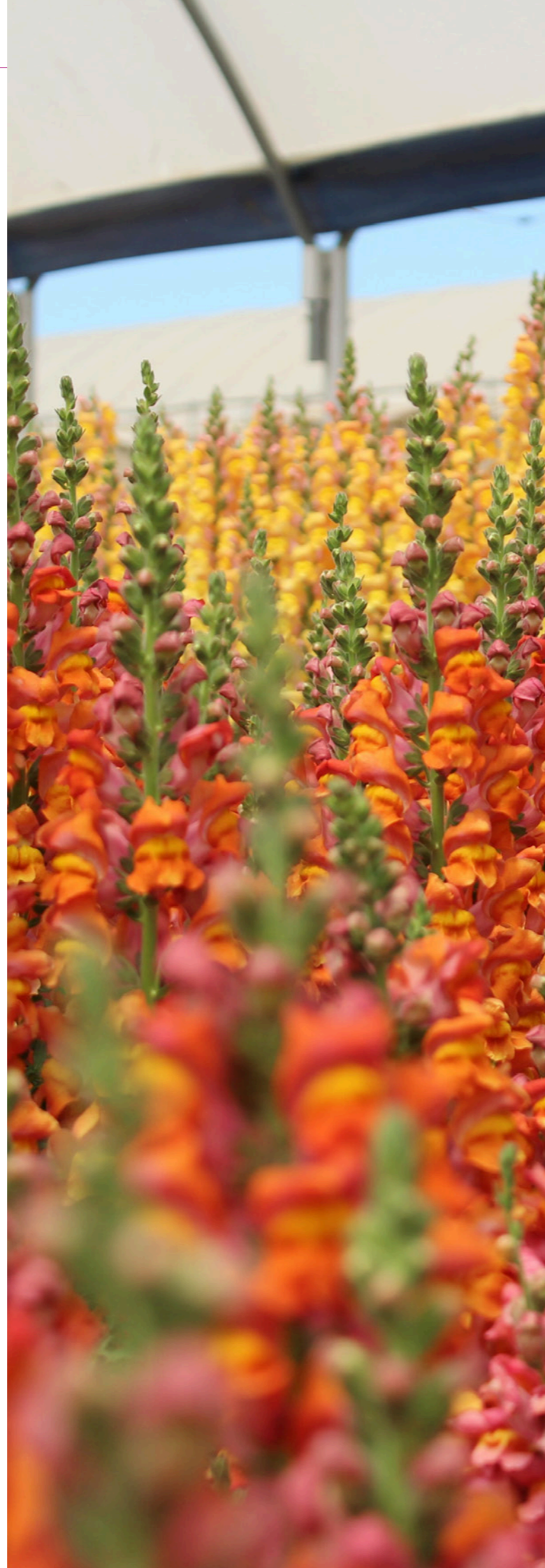







TABLE 5 ROADMAP PER STAKEHOLDER

	Which benchmark? 	What is the gap? 	How to verify? 	How to take action? 	What can we learn from others? 
PRODUCTION	Select and use benchmarks for calculations	Measure gaps via salary matrix		Collaborate to develop & test solutions, e.g.: <ul style="list-style-type: none"> • Worker dialogue • Embrace transparency • Adopt better procurement and trading practices 	Join / utilize multistakeholder initiatives such as FSI to share practices and learning on how the gaps can be reduced over time
TRADE & RETAIL		Support supplier in measuring gaps (e.g. inform about living wage & salary matrix)			
STANDARDS			Become a Living Wage verifier, integrate and adopt salary matrix in code of practice Verify through guidelines		
CSO & SECRETARIAT	Facilitate increased availability of living wage benchmarks		Support standards in becoming living wage verifier.	Help set up and implement projects	Mobilize FSI groups for cross-learning Market commitment

Integration with FSI

Fortify the FSI living wage ambition for 2025 by adopting IRBC learnings and deliverables

- Set-up a supply chain living wage project to further develop and test the opportunities which have been identified during the supply chain living wage project in year 3. Actively share these learnings with members to help them reach their FSI 2025 ambition of reducing the living wage gap in production countries.
- Adopt IDH salary matrix as preferred tool and set up concrete action plan with intermediate targets towards the FSI 2025 living wage ambition, for example:
 - X% of production sites from producers have measured living wage gaps in 2023, with an X% increase in number of measurements in 2024 and 2025
 - X% of the supply from traders is sourced from farms who measured living wage gaps in 2023, with an X% increase of measurements in 2024 and 2025
 - Producers and traders report on living wage measurements and provide action plan for improvement from year X.
- Convene retail to set up a buyer's commitment in support of a living wage gap reduction, building on existing commitments¹⁴ and / or by bundling forces with similar sustainability initiatives.
- Leverage the FSI basket of standards to (1) scale minimum wage requirements (e.g. making the World Bank Extreme Poverty Line a minimum requirement) in countries without a legally established minimum wage and (2) create a mandatory and aligned way of performing wage measurements.
- Support standards in the FSI social basket of standards in becoming a recommended living wage verifier.



ROADMAP RESPONSIBLE AGROCHEMICAL MANAGEMENT

In terms of responsible agrochemical management, the members of the IRBC agreement have come to the following recommendation.

Safe use

Growers and scheme owners are recommended to integrate the most found best practices into their activities:

- Setting up incident evaluation meetings within 24 hours after an incident
- Making it standard to review incidents with management
- Setting up monthly inspections to revise action plans, perform regular risk analyses to be able to select the optimal PPEs and need-based trainings.
- Setting up trainings for every newcomer with specific attention for biological pest management.

Governments and producers of pesticides are recommended to support in the availability of PPEs and access to helpdesks and provision of training services. Biopesticide producers are recommended to analyse restrictions for roll out of products (demand, infrastructure, knowledge) and engage with government and other stakeholders to address shortcomings. By adopting the IRBC floriculture sector code of conduct, FSI would support the integration of the above recommendations into the due diligence process of its members.

Impact on the environment

Is it essential that the measurement of impact on the environment coming from PPPs is done in an aligned way in order to ensure the sector uses similar insight to collectively improve its performance. In that spirit:

- Companies and standards are recommended to keep up to date with the development of the EICP and support the 2.0 development phase where possible
- Standards are recommended to stay up to date and aligned with the environmental impact indicator crop protection. Knowing that the tool will likely undergo further developments, they are recommended to review options to integrate the use of the tool to into their scheme once possible.
- FSI is recommended to adopt the EICP as recognized tool to measure pesticide environmental impact and, together with standards, use the methodology to monitor progress over time and towards the ambition of reducing impact in 2025.



¹⁴ For example the Dutch Banana Living Wage Commitment, or the German living wage and living income commitment.



Annexes

Annex 1 – Overview of the status of all activities and objectives in the IRBC agreement

Please refer to the excel table overview (Dutch) on the IRBC agreement website at www.irbcfloriculture.com.

Annex 2 - Gap-analysis OECD guidelines – Certification schemes; insights from several standards liaised to the FSI basket of standards.

Introduction

Below, you will find a summary of the key findings from the gap-analysis between the OECD guidelines and standards in the FSI basket of standards. Below the summary, you will find a table overview with all OECD guidelines categories, and a description of what they entail and what a standards or company should address.

Key findings per aspect of the OECD guidelines

III. DISCLOSURE

In general standards are not aligned on disclosure. Most go beyond the FSI benchmarks in terms of (1) providing additional information on e.g. RBC policies and codes and (2) in terms of providing standards for accounting on non-financial reporting (environmental and social). Standards however do not cover the financial accounting standards also required by the OECD guidelines. Finally, standards do not comply with requirements on timely and accurate information on material matters.

IV. HUMAN RIGHTS

Standards in the social basket or in both the social and environmental basket of the FSI basket of Standards show smaller gaps than those identified in the benchmark comparison but are still partially aligned. They generally address parts 1 (respect human rights), 4 (policy commitment), 5 (human rights due diligence)

and 6 (provide access to remedy) on a company level, but often do not include attention for (the responsibility to) link to impacts via supply chain partners. In terms of parts 2 and 3 (preventing or mitigating), some standards do not consider all possible material human rights issues.

V. EMPLOYMENT AND INDUSTRIAL RELATIONS

Standards in the social basket all proved aligned except for part 5. All the standards were not explicit on employing local communities and providing training to improve skill levels (where needed in cooperation with worker representatives or government authorities). Some also did not refer to providing equal opportunities to women, youth, low-skilled people, people with disabilities, migrants, older workers, and indigenous people. Finally, some standards were not explicit enough in providing facilities to workers representatives

VI. ENVIRONMENT

Where standards in the social basket understandingly are not aligned in terms of environment, most standards in either the GAP and environmental basket cover most aspects and cover some of the identified gaps between the OECD guidelines and benchmarks.

In relation to part 1 (system of environmental management), the OECD guidelines require organizations to protect the environment and public health within the applicable framework of laws regulations and agreement of the region in which it operates. Though all standards dictate establishment of a system of environmental management¹⁵, they do not say anything about a determination of framework of laws and regulations in which that takes place.

In relation to part 2 (Informing public communities and workers), standards do not require farms to provide public and workers with the necessary information on environmental issues, apart from consultation with local populations on land and water use in case of transfer of ownership.

¹⁵ Often including the collection and monitoring of info to establish measurable objectives, and -and where appropriate- targets for improved environmental performance and resource utilization. These are also subject to regular review and verification.

In terms of part 6 (improving environmental performance), standards do enable farms to seek continuous improvement on environmental performance but lack a supply chain scope in their requirements around this.

Finally, standards do not adequately cover part 8 (contributing to public policy) as they do not refer to e.g. partnerships or initiatives as a means to use their knowledge for the enhancement of environmental awareness and protection.

VII. COMBATING BRIBERY, BRIBE SOLICITATION AND EXTORTION

Compliance on combating bribery, bribe solicitation and extortion vary substantially between the standards, irrespective of the FSI basket to which they are affiliated. While half was not aligned, some did address part 3 (small facilitation payments) and part 7 (candidates for public offices). One standard indicated to be fully aligned on most parts due to the formal adoption of the 2013 Anti-Corruption Ethics and Compliance handbook of the OECD-UNODC-World Bank.

VIII. CONSUMER INTERESTS

Findings of standards did not deviate much from the findings of the comparison between the FSI benchmarks and the OECD guidelines. Except for consumer facing labels, standards do not cover consumer interests. Some do address consumer information and the cooperation of public authorities.

IX. SCIENCE AND TECHNOLOGY

The gaps identified by standards did not deviate from the ones identified after the comparison with the FSI benchmarks and overall, there is a non-compliance on the topic of science and technology. Some standards address part 4 (reasonable conditions for transferring technology) through payment of royalty / intellectual property rights with respect to plants procured to the breeders, and part 5 (use of local infrastructure) by being a membership organization active in local project.

X. COMPETITION

XI. TAXATION

None of the standards reported findings other than the ones resulting from the comparison with the FSI benchmark. Overall, standards do not comply with OECD guidelines criteria on competition and taxation.

TABLE 6 OVERVIEW OF ALL OECD GUIDELINES ASPECTS AND WHAT THEY ENTAIL

I&II	General Policies	
III	Disclosure	What it entails / what a standard or company should address
1 & 2	Timely and accurate information on material matters	Should include (for publically traded enterprises), but is not limited to: financial and operating results (a), objectives (b), ownership and voting rights (c), remuneration policy for and information on members of the board and key executives (d), related party transactions (e), foreseeable risk factors (f), issues regarding workers and other stakeholders (g), governance structures and policies (code)(h) -taken into account costs, business confidentiality, other competitive concerns). Besides encouragement of provision of easy and economic access of information; companies should take extra steps for relevant (poorer) communities without good access to public information sources.
3	Additional information (not obligatory)	Encouraged to communicate on: IRBC policies and other cocs (date of adoption, countries/entities op application, performance), internal audits/risk management/legal compliance systems, info on relationships with workers and other stakeholders
4	Standards for accounting	Should apply high standards, for both financial and non-financial (environmental and social) reporting. An independent annual audit is recommended.
IV	Human rights	
1	Respect human rights	The project should -apart from the government and independent of its size- within the framework of internationally recognized human rights (min: International Bill of Human Rights*), the international human rights obligations of countries, as well as relevant domestic laws and regulations:
2 and 3	Avoid causing or contributing, address impacts (prevent or mitigate)	Avoid causing or contributing; and address impacts when they occur. Seek ways to prevent or mitigate impacts that are directly linked to its operations, products or services via a business relationship
4	Policy commitment	Is approved at most senior level, informed by relevant internal and external expertise, includes relevant human rights aspects for personnel, business partners, other parties directly linked via operations, products or services; publicly available; communicated internally and externally; reflected in operation policies and procedures
5	Human rights due diligence	Carry out a assessment actual and potential human rights impacts (due diligence) -including related to supply chain (see also General policies (I, A10 and 12), acting upon the findings, tracking responses and communicating how impacts are addressed.
6	Provide for or co-operate in legitimate processes in remediation of adverse human rights impacts	Processes in place to enable remediation where is identified the company have caused or contributed to impacts; can be administred by company alone or together with other stakeholders; operational level grievance mechanisms don't exclude grievance mechanisms via other parties, judicial and non-judicial processes
		*C40: Depending on the circumstances, the project may need to consider additional standards: on individuals belonging to specific groups or populations the require particular attention (indigenous peoples, persons belonging to national, ethnic, religious, and linguistic minorities; women; children; persons with disabilities; migrant workers and their families.)

V	Employment and industrial relations	What it entails / what a standard or company should address
1 a and b	Respect right trade union	The project should, within the framework of applicable law, regulations, international labor standards and prevailing labor relations and employment practices (e.g. as based on different national laws and regulations) -also in the supply chain in the absence of an employment relationship: respect right to establish or join trade unions/representative organizations of own choosing + recognized for the purpose of collective bargaining.
1 c	Child labour	contribute to effective abolition of child labor + (immediate and effective steps to secure prohibition and elimination worst forms of child labor as a matter of urgency) (52: can contribute via education for children)
1 d	Forced labour	contribute to elimination of all forms of forced or compulsory labor + take adequate steps to ensure that it doesn't exist
1 e	Equality	be guided throughout the operations by principle of equality of opportunity and treatment in employment and not discriminate against workers on grounds as race, color, sex, religion, political opinion, national extraction or social origin, or other status -54: age, disability, pregnancy, material status, parenthood, sexual orientation or HIV-status + (54: Especially in situations of hiring, job assignment, discharge, pay and benefits, promotion, transfer or relocation, termination, training and retirement).
2	Provide workers representatives facilities and information	Provide facilities to workers' representatives + information that is needed for meaningful negotiations on employment conditions and performance of the entity + enable authorized representatives in their employment and allow the parties to consult with representatives of management. + (55: can take into account business confidentiality)
3	Consultation and co-operation	Promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern.
4 a and b	Comparable-basic needs	Used standard of employment and industrial relations not lower than comparable employers in the host country. If comparable employers don't exist in a developing country, provide the best possible wages, benefits and conditions of work within the framework of government policies. This should be at least adequate to satisfy the basic needs of the workers and their families.
4 c	Occupational safety and health	Take adequate steps to ensure occupational health and safety. + (57: be encouraged to do better on OSH than formally required and staff may remove themselves when high OSH-risk)
5	Employ local workers + provide training (also disadvantaged groups)	Employ local workers and provide training to improving skill levels, in co-operation with worker representatives and, where appropriate, relevant governmental authorities.+ (58: ensure equal opportunities to women, youth, low-skilled people, people with disabilities, migrants, older workers and indigenous people).
6	Notice on changes with major employment effects	Provide reasonable notice of changes to changes in the organization with major employment effects, to representatives of workers and, where appropriate, relevant governmental authorities. Provide meaningful co-operation to mitigate effects of such decisions.
7	Don't disturb negotiations	In the context of bona fide negotiations with workers' representatives, do not threaten to transfer part of unit or workers (to other countries).

VI	Environment	What it entails / what a standard or company should address
1	System of environmental management	The organisation should, within framework of laws, regulations, international agreements, principles, objectives, standards and administrative practices in the country where they operate: protect the environment, public health and safety and conduct activities contributing to wider goal of sustainable development (63: 'sound environmental management' includes controlling both direct and indirect impacts over the longer term and involving both pollution control and resource management elements + 71: raise level of environmental performance pro-actively, even in countries where it is not formally required) In particular the enterprise should: Establish and maintain a system of environmental management, appropriate to the enterprise, including: collecting and evaluating information; establishing measurable objectives, and -and where appropriate- targets for improved environmental performance and resource utilization and review them; regular monitor and verify of progress to objectives or targets. (64: May use regular internal control system; 6l: Suggestion: is not only a business responsibility but also an opportunity)
2	Inform public (communities) and workers (also on supply chain)	Taking into account concerns about costs, business confidentiality and protection of intellectual property rights: provide public and workers with information (adequate, measurable, verifiable -where applicable- and timely); and engage communities directly affected (adequate and timely). + (65: It is important this info also includes relationships with sub-contractors and suppliers. info is most effective when provided in transparent manner and when encourages active consultation with stakeholders (especially appropriate where scarce or at risk environmental assets are at stake).
3 and 4	Assess and address foreseeable environmental and OSH-aspects	Assess and address in decision making, the foreseeable environmental, health and safety-related impacts associated with the process, good and services of the project, over their full life cycle (with the view to avoid them, or when unavoidable to mitigate them). Where these proposed activities may have significant impacts and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment (multinational enterprises are expected to do an assessment that also includes life cycle and not only suppliers). Don't use lack of full scientific certainty a reason for postponing cost-effective measures to prevent or minimize damage.
5	Emergencies	Maintain contingency plan for preventing, mitigating and controlling serious environmental and health damage (regular operations, accidents, emergencies); and mechanisms for immediate reporting to competent authorities.
6	Improve environmental performance	Continually seek to improve corporate environmental performance (enterprise and -where appropriate- supply chain, by encouraging activities as: a) adoption of technologies and operating procedures; b) develop products and services that have no environmental impacts; are safe in intended use; even reduce greenhouse emissions; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed safely. c) promoting higher levels of awareness among customers of the implications of using the products or services, including by providing accurate information on their products (e.g. by use of voluntary labeling or certification schemes) d) exploring and assessing ways of improving performance of project over the longer term (e.g. on emission reduction, efficient resource utilization, recycling, substitution or reduction of use of toxic substances, strategies on biodiversity).
7	Provide adequate education and training to workers on environment	Provide adequate education and training to workers, including the handling of hazardous materials and prevention of environmental accidents and more general info (environmental impact assessment procedures, public relations, environmental technologies)
8	Contribute to public policy	Contribute to development of environmental meaningful and economically efficient public policy (e.g. by means of partnerships or initiatives) that will enhance environmental awareness and protection.

VII Combating Bribery, Bribe Solicitation and Extortion		What it entails / what a standard or company should address
1	Don't offer or accept bribes	The project should not, directly or indirectly, offer, promise, give or demand a bribe or other undue advantage to obtain or retain business or other inappropriate advantage. The project should also resist the solicitation of bribes and extortion. (74: Idea: is damaging democratic institutions and governance of corporations, discourage investment, distort international competitive conditions and supports poverty). In particular, the project should: 1: Not offer, promise or give undue pecuniary or other advantage to public officials, or employees of business partners, or to relatives or business associates. Likewise, enterprises should not request, agree to or accept undue pecuniary or other advantage from public officials or employees of business partners.
2	Internal controls	Develop and adopt adequate internal controls, ethics and compliance programs or measures for preventing and detecting bribery, including a system of financial and accounting procedures. This should be developed on the basis of a risk assessment. It should also be regularly monitored and re-assessed.
3	Small facilitation payments	Prohibit or discourage, in internal project controls, ethics and compliance programs or measures, the use of small facilitation payments. When such payment are made, record them.
4	Due diligence agents	Ensure properly documented due diligence to the hiring and oversight of agents + that remuneration of agents is appropriate and for legitimate services only. (where relevant: list the used agents and make available to competent authorities).
5	Transparency	Enhance transparency of activities in the fight against bribery (e.g.: public commitments, disclosing management systems and internal controls and dialogue with the public).
6	Employee awareness	Promote employee awareness, through dissemination of policies, programs or measures; training programs and disciplinary procedures.
7	Candidates public office or political parties	Not make illegal contributions to candidates for public office or to political parties. When made, it should comply with public disclosure requirements and reported to senior management.

VIII Consumer interests		What it entails / what a standard or company should address
1	Legal required standards	When dealing with consumer, the project should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure quality and reliability of goods and services provided. In particular they should: 1: Ensure that goods and services meet all agreed and legally required standards for consumer health and safety, include health warnings and safety information
2	Information	Provide accurate, verifiable and clear information that is sufficient to enable consumers to make informed decisions, including information on prices and -where appropriate- content, safe use, environmental attributes, maintenance, storage and disposal of goods and services + provide sufficient information so consumers are able to compare products and services + enterprises are encouraged to disclose information on codes of conducts.
3	Easy access	Provide consumers with access to fair, easy to use, timely and effective non-judicial dispute resolution and redress mechanisms, without unnecessary cost or burden.
4	Unfair practices	Do not engage in practices that are deceptive, misleading, fraudulent or unfair.
5	Consumer education	Support efforts to promote consumer education to improve ability to: make informed decision involving complex goods, services and markets; better understand the economic, environmental and social impact of their decisions; and support sustainable consumption.
6	Consumer privacy	Respect consumer privacy; and take reasonable measures to ensure security of personal data that are collected, stored, processed or disseminated.
7	Co-operate public authorities	Co-operate fully with public authorities to prevent and combat deceptive marketing practices and to diminish or prevent serious threat to public health and safety and the environment, deriving from the consumption, use or disposal of their goods or services.
8	Vulnerable consumer	Take into consideration in applying points mentioned above, the needs of vulnerable and disadvantaged consumer (because of age, mental or physical capacity, education, income, language, or remote location) and the specific challenges of e-commerce.

IX Science and technology

1	Policies and plans countries	Endeavour to ensure that their activities are compatible with the science and technology (S&T) policies and plans of the countries in which they operate and as appropriate contribute to the development of local and national innovative capacity.
2	Transfer and diffusion of technologies and know-how	Adopt, where practical in the course of business activities, practices that permit transfer and rapid diffusion of technologies and know-how, with due regard to protection of intellectual property rights.
3	Local market, local staff and their training	Where appropriate, perform science and technology development work in host countries to address local market needs, employ host country personnel in an S&T capacity and encourage their training taking account commercial needs.
4	Reasonable conditions transferring technology	When granting licenses for the use of intellectual property rights or when otherwise transferring technology, do so on reasonable terms and conditions and in a manner that contributes to long term sustainable development host country (94: i.e.: developmental, environmental and other impacts of technologies of the home and host country).
5	Use local infrastructure	Where relevant to commercial activities, develop ties with local universities, public research institutes, and participate in co-operative research projects with local industry or industry associations.

X	Competition	What it entails / what a standard or company should address
1	In line with competition laws and regulations	Carry out activities in a manner consistent with all applicable competition laws and regulations (95: domestic and international), taking into account competition laws of all jurisdictions in which the activities may have anti-competitive effects (97: Or can contribute by providing information or advice to governments in considering respective laws and policies). (95/96: i.e.: anti-competitive agreements (incl. 'hard core cartels'); abuse of market power or dominance; acquisition of market power or dominance by means other than efficient performance; the substantial lessening of competition through mergers or acquisitions.)
2	Refrain from anti-competitive agreements	Refrain from entering into or carrying out anti-competitive agreements among competitors, including agreements to: fix prices, make collusive tenders, establish output restrictions or quotas, or share or divide markets (by allocating customers, suppliers, territories or lines of commerce)
3	Co-operation with investigating authorities	Co-operate with investigating competition authorities: provide information and e.g. use waivers of confidentiality where appropriate.
4	Promote employee awareness	Regularly promote employee awareness of the importance of compliance with all applicable competition laws and regulations; and train senior management in competition issues.

XI	Taxation	
1	Timely payment and information	It is important that enterprises contribute to public finances of host countries by making timely payment of their tax liabilities and provide timely information for determination taxes. The project should comply with both the letter and the spirit of tax laws and regulations. (104/105: And apply fair (arm's length) transfer pricing -among enterprises of the same group in different countries).
2	Risk management system	The project should treat tax governance and tax compliance as important elements of their oversight and broader risk management systems (102: structures and policies): i.e. financial, regulatory and reputational risks associated with taxation are fully identified and evaluated (by the corporate board).
2	Refrain from anti-competitive agreements	Refrain from entering into or carrying out anti-competitive agreements among competitors, including agreements to: fix prices, make collusive tenders, establish output restrictions or quotas, or share or divide markets (by allocating customers, suppliers, territories or lines of commerce)
3	Co-operation with investigating authorities	Co-operate with investigating competition authorities: provide information and e.g. use waivers of confidentiality where appropriate.
4	Promote employee awareness	Regularly promote employee awareness of the importance of compliance with all applicable competition laws and regulations; and train senior management in competition issues.

Annex 3 – Overview of website URLs contained in hyperlinks

IRBC agreement website:

www.irbcfloriculture.com

Due diligence:

- Code of conduct: <https://www.idhsustainabletrade.com/publication/irbc-agreement-floriculture-code-of-conduct/>
- Code of conduct explanatory flyer: <https://www.idhsustainabletrade.com/publication/irbc-agreement-floriculture-code-of-conduct/>
- Floriculture sector map: <https://www.idhsustainabletrade.com/publication/floriculture-sector-map-irbc-agreement-floriculture/?preview=true>
- Floriculture production and trade statistics: <https://www.idhsustainabletrade.com/publication/floriculture-sector-statistics/>
- Self-assessment questionnaire (SAQ): <https://www.idhsustainabletrade.com/publication/self-assessment-questionnaire-for-due-diligence-in-the-floriculture-sector/>
- Grievance mechanism report: <https://www.idhsustainabletrade.com/publication/setting-up-a-grievance-mechanism-irbc-agreement-floriculture-advisory-report/>
- Recommendations for a due diligence action plan: <https://www.idhsustainabletrade.com/publication/imvo-convenant-sierteelt-sector/recommendations-for-a-due-diligence-action-plan-nl/>
- Reporting guidance and template: <https://www.idhsustainabletrade.com/publication/due-diligence-reporting-guideline-and-template/>
- Integrated reporting Royal Lemkes: <https://online-touch.nl/royallemkes/annual-report-2021?html=true#/0/>
- OECD Guidelines for Multinational Enterprises: <https://mneguidelines.oecd.org/mneguidelines/>
- World Economic Forum Gender Gap report: <https://www.weforum.org/reports/global-gender-gap-report-2021/>

Living wage:

- Benchmark finder: <https://www.idhsustainabletrade.com/living-wage-identifier-tool/>
- Salary matrix: <https://www.idhsustainabletrade.com/living-wage-platform/salary-matrix/>

- Recommended and trained living wage auditors: <https://www.idhsustainabletrade.com/living-wage-platform/verifying-calculations/>
- Gap closing interventions: <https://www.idhsustainabletrade.com/living-wage-platform/closethegap/>
- Recommendations on engaging worker representation: <https://www.idhsustainabletrade.com/recommended-participation-of-trade-unions-and-workers-representatives/>
- Share project learnings: <https://www.idhsustainabletrade.com/living-wage-platform/insights/>
- Market commitment: <https://www.idhsustainabletrade.com/banana-retail-commitment/>
- Eosta living wage example: <https://www.idhsustainabletrade.com/publication/eostas-sells-the-first-living-wage-mangoes/>
- Nudie Jeans living wage example: <https://www.idhsustainabletrade.com/publication/putting-suppliers-in-the-lead-nudie-jeans/>

FSI:

- FSI strategy: <https://www.fsi2025.com/about/>
- FSI basket of standards: <https://www.fsi2025.com/basket/>
- Independent benchmarking process: <https://www.idhsustainabletrade.com/approach/benchmarking-of-standards/>

Government facilitation of due diligence:

<https://www.rijksoverheid.nl/documenten/rapporten/2022/06/13/uitvoeringsagenda-internationale-sociale-voorwaarden>

Collaborative transformation, the art of making international trade more sustainable:

<https://www.idhsustainabletrade.com/collaborative-transformation/>



IRBC agreement floriculture

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