



# JOINING FORCES TOWARDS LIVING WAGES

Dutch Retailers'  
Commitment  
on Living Wages  
in Bananas

2020 report

# JOINING FORCES TOWARDS LIVING WAGES



## Living wage banana commitment

Through the Dutch RBC Agreement for the Food Products Sector, Dutch retailers have committed to jointly work with The Sustainable Trade Initiative (IDH) on living wages. Dutch supermarkets Albert Heijn, Boni, Boon, Coop, Hoogvliet, Jan Linders, Jumbo, Nettorama, Plus, Poiesz, Sligro, Spar, Superunie, Vomar, and the Dutch Food Retail Association (CBL), signed an agreement to ensure living wages for banana workers in their international production chains. Through this commitment participating retailers aim to increase the availability of bananas produced by workers who earn a living wage. The first phase of work to achieve this aim is measuring the living wage gaps for workers in these banana supply chains.

## Overall Living Wage Gap Results

This report reflects the results of the second-year of data collection, covering wages for the calendar year 2020. The identified living wage gap is 10,7% covering 75% of the volumes purchased by the Dutch retailers

The first year report showed an average living wage gap of 9% in 2019 for 42% of the volumes purchased by Dutch retailers.

## Scope of the data collected

For this second year of the project, the group aimed to cover 66% of the volume of bananas purchased by Dutch retailers. Much effort was put into engaging as many farms as possible. In total, 217<sup>12</sup> farms submitted a Salary Matrix in 2021, covering remuneration data from the year 2020. This represents approximately 75% of the total volume purchased by the Dutch retailers, exceeding the target.

The farms that submitted a Salary Matrix produced a total of 201.224.800 metric tons of bananas for their entire customer base. In total, 3% of this combined banana production is purchased by the Dutch retailers.<sup>3</sup> Representing such a small proportion of the sales from these farms means that participation from additional markets will be needed to ensure that all workers in the banana industry are paid a living wage. In the future, other retailers and producers are more than welcome to join this initiative..

The information on volumes has been validated by an external party. A random sample of Salary Matrices were checked, with a common sample size used. More information on the validation process utilized this year can be found on the project's website.



<sup>1</sup> The farms that have submitted the Salary Matrices are based in Ecuador, Costa Rica, Colombia, Peru and Panama.

<sup>2</sup> Following key certification schemes relevant in the banana sector, smallholder farms with less than five employees are taken out of scope.

<sup>3</sup> The leverage is determined based on information submitted by farms.



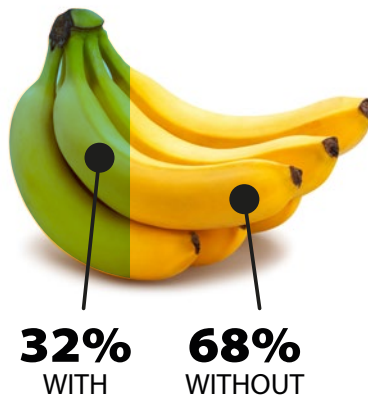
# MAIN RESULTS

The results show that 55% of the farms are paying a living wage to their workers. 45% of the farms have a living wage gap, affecting 32% of the total workforce. For those workers, the living wage gap is, on average, 10,7%.

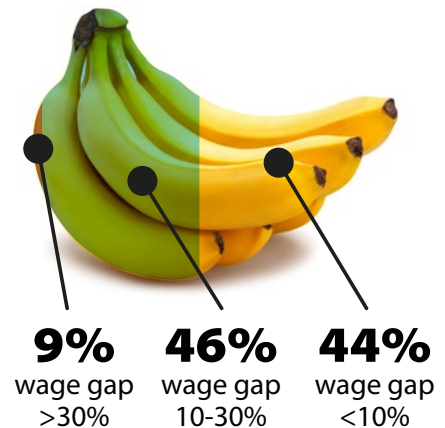
**Farms**  
with/without living wage gap



**Workers**  
with/without living wage gap



**Size**  
of living wage gap



## Gender analysis

- The gender analysis shows that female workers are a smaller share of the total workforce. In total, 26.393 men vs. 4.046 work on the participating farms.
- The average wage gap of female employees is 9% compared to 11,1% for male employees.

## In-kind benefits

An analysis of the in-kind benefits data takes into account the thresholds stipulated by the Anker & Anker Methodology.<sup>4</sup>

- In-kind benefits accounted on average for 5,52% of all workers total remuneration. However, across countries there was a substantial range of in-kind benefit provision across countries, from 0% to 5,5%.
- For workers earning below a living wage, in-kind benefits accounted for an average of 4,5% of the total remuneration.

<sup>4</sup> Per the working definition of living wage, the total value of in-kind benefits cannot exceed 30% of total remuneration.

# LEARNINGS AND CHALLENGES

The second year of the project has led to further lessons around the data collection and validation processes, which will feed into the continuous improvement of the methods and tools to address living wages.

## Data collection

- Although farms are more familiar with the Salary Matrix compared to the first year of this project, it still takes time to understand and use this tool correctly. This year, training on usage and offering Question & Answer sessions proved to be valuable for the parties using the Matrix.
- For the Salary Matrix to remain relevant, it is important that the methodology fits with the practices and norms of the countries where it is used. It is therefore important that the content of the Matrix is being evaluated regularly to decide if all relevant factors and variables are considered.
- Information on many variables must be entered in the Salary Matrix. This requires a large time investment from and alignment between the different supply chain partners involved. It is important that this process is well coordinated.

## Data validation

- Most farms that were interviewed as part of the validation process classified this exercise as useful for helping them to improve data entry in the future. This shows the value of the validation process and the importance of strengthening this process over time.
- Since the validation has been performed remotely, electronic storage of data and the quality of IT systems were important for conducting this process. Some farms keep records in hard copy and filed in a separate location and IT issues prevented some farms from accessing their electronic records at the time of the validation interviews, impeding this process.
- The current method of validation of the data is based on a sample-wise approach. To fully guarantee the reliability of the data, conducting audits is key. The certification schemes can play an important role in this by integrating the audit processes of the supply chain parties involved.

## Closing the living wage gap

- During the second year of this project, there was a substantial increase in the number of farms submitting a Salary Matrix compared to last year (217 vs. 117). With this, the diversity of farms is also increasing, for example, in terms of location, structure, and size. All these variables mean that a diverse range of solutions will be necessary to close the living wage gap. There is no one-size-fits-all approach for the different farms. Managing all those different processes to close gaps is challenging.





# NEXT STEPS

Next, the project will continue to collect living wage gap data, improve the processes for doing this, and start to look at how the data can be used to take meaningful steps to close the gaps.

## **The following three key steps will be taken:**

- Currently, 75% of the supply of the Dutch retailers is being covered. In 2022, we will aim to have a Salary Matrix for 100% of the supply of the Dutch retailers. A condition to succeed in this is the availability of living wage benchmarks in all relevant countries.
- To increase the reliability of the data, we will explore how to strengthen the data validation process and address the need to conduct on-site verification audits in collaboration with among others certification schemes.
- The involved supply chain partners will work together to identify the root causes and possible solutions for addressing living wage gaps. The approach will be determined by the characteristics of the farms, meaning that a diverse range of actions may be taken.

For more information on this Living Wage Banana Project, please visit the [website](#).

