



# **JOINING FORCES TOWARDS LIVING WAGES**

## **Dutch Retailers' Commitment on Living Wages in Bananas**

BASELINE REPORT FOR 2019-2020



the sustainable  
trade initiative





# Introduction

## 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 a concrete project on living wages. Dutch supermarkets Albert Heijn, Boni, Boon, Coop, Deen, Hoogvliet, Jan Linders, Jumbo, Plus, Poiesz, Sligro, Spar, Superunie, Vomar, and the Dutch Food Retail Association (CBL), signed the agreement in 2019 to ensure living wages for banana workers in the international production chain. Through this [commitment](#) the retailers aim to increase the availability of banana produced by workers who earn a living wage for their volume share.

During the first phase, the private sector parties involved provided insight into the gap between current wages and living wage benchmarks (i.e., the living wage gap). IDH's Salary Matrix tool was rolled out in digital form to achieve this objective. This publication shows the main results from this first phase.

## Information on the used data

For this first year, a target was set to cover 33% of the volume bananas purchased by Dutch retailers when determining the living wage gap. 117 farms submitted a [Salary Matrix](#) in 2020<sup>1</sup> (a total of 590 farms have been requested to do so).<sup>2,3</sup> The 117 submitted Salary Matrices covered approximately 42% of the total volume purchased by the Dutch retailers. This exceeded the 33% target that was set. The farms that have submitted a Salary Matrix produced a total of 830.943 metric tons of bananas for their entire customer base. In total 7.6% of this combined banana production from reporting farms is purchased by the Dutch retailers.<sup>4</sup>

The information on volumes has been validated by an external party. The submitted Salary Matrices were also checked randomly. More information on the validation process utilized this year can be found on the [project's website](#).



<sup>1</sup> Following key certification schemes relevant in the banana sector, smallholder farms with less than five employees are taken out of scope.

<sup>2</sup> Experience learned that due to COVID-19 it was more difficult for farms to deliver data on time.

<sup>3</sup> The farms that have submitted the Salary Matrices are based in Ecuador, Costa Rica, Colombia, Peru, and the Dominican Republic.

<sup>4</sup> Most suppliers and farms have submitted data over 2019. In some cases, suppliers submitted data (volumes and remuneration data) from farms producing bananas for the Dutch market in 2020. Since this report was finalized before the end of 2020, suppliers extrapolated the volume purchased to the end of the year using data from early 2020. This may over- or underestimate the total volumes.

# Main results

The results show that the average living wage gap is 9%. The graphs below show more detailed results.

## Gender analysis

- The gender analysis shows that female workers are a smaller share of the total workforce. In total, 13,043 men vs. 2,197 women are included in the analysis
- The results show that males and females tend to be paid the same base rates for doing the same job. However, certain job categories have a higher proportion of female workers, and these job categories tend to pay less.

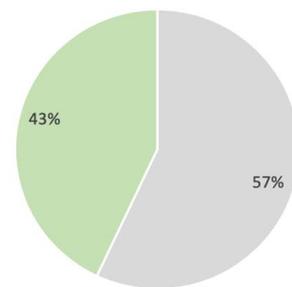
## In-kind benefits

An analysis on in-kind benefits has also been performed. The results show that there is also room for improvement of in-kind benefits as part of remuneration.<sup>5</sup>

- In-kind benefits accounted for 6.29% of the workers total remuneration.
- For workers earning below a living wage: in-kind benefits accounted for an average 7%.
- Across countries there was a substantial range of in-kind benefit provision: from 0.4% to 17%.

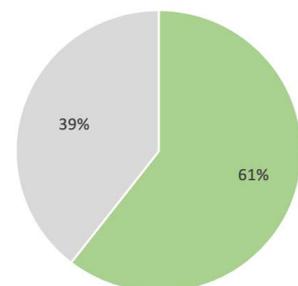
<sup>5</sup> Per the working definition of living wage, the total value of in-kind benefits cannot exceed 30% of total remuneration

Farms with/without living wage gap



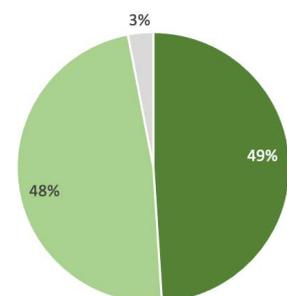
■ Farms with LW gap ■ Farms without LW gap

Workers with living wage gap



■ No living wage gap ■ Living wage gap

Size of living wage gap



■ LW gap <10% ■ LW gap 10-30% ■ LW gap >30%



# Learnings and challenges

- The experiences during this first year underlined the importance of collaboration and alignment with the different supply chain partners. Especially because this year was the first year of this project, working for the first time on large scale in the banana chain with the Salary Matrix, it was important to make sure all supply chain partners were on the same page in terms of steps to take.
- Elaborating on this, we have learned that it is key to provide sufficient guidance to the supply chain partners that have to submit the Salary Matrix. Several elements in the matrices can be interpreted in several ways, meaning clarification is key.
- We have experienced that for some countries, among others Panama and Belize, living wage benchmarks are not yet available. This means that it is currently not possible to fully calculate the living wage gaps in those countries. In order to cover 100% of the volume in the Dutch retail chains, those benchmarks need to be developed.
- We have learned that it is key that the information on living wages, as disclosed through the Salary Matrix, is also requested by and secured within the certification schemes. This way, thriving towards living wage can more easily become part of the regular management cycle.
- COVID-19 presented an unexpected challenge which took away the possibility for in-person support and validation.
- Wage data was self-reported and validated remotely, though not verified, and much was learned about the process. This learning has already provided important insights for both future implementation of the tools, as well as next steps for project partners to close living wage gaps.
- Aggregate analysis per country and supplier is limited by the number of salary matrices completed and thus cannot be considered a representative sample. As more are completed, average results may change. Although it has been established that working hours are a key element to measuring wages compared to living wage, many facilities do not yet systematically record hours worked. Improvement needs to take place on this.



# Next steps

Now that the living wage gap for part of the banana chain is determined, several steps will be taken next. A selection:

- Rolling out the Salary Matrix to cover 100% of supply (possible once all benchmarks in the relevant countries are developed). Improvement over time will be monitored.
- Further cooperation among industry and supply chain partners to identify root causes and solutions to living wage gaps, under a [‘shared responsibility’](#) approach. This includes conversations and plans to address barriers and close gaps.
- Implement plans to reduce wage gaps through individual projects.

For more information on this living wage banana project, [visit the website](#).

