

# UK retail commitment on living wages in the banana sector

## 2023 Annual Report

In March 2023, nine UK retailers launched the [UK Retailer Commitment on Living Wages in Banana Supply Chains](#). The commitment, coordinated by IDH, brings the retailers together to work closely with their supply chain partners and supporting organisations on the shared goal of workers in their banana supply chains receiving a living wage by the end of 2027.

During the first year of the commitment, retailers focused on engagement with their supply chain partners, alignment with other European banana living wage commitments, and the collection of wage data.

### Data collection process

The “living wage gap” is the difference between the actual monthly salary of the worker and the living wage benchmark, which is the minimum monthly salary a household requires for a decent standard of living in that region.

A key part of implementing the commitment is collecting data to understand the living wage gap and measuring progress on an annual basis.

The [IDH Salary Matrix](#) was used to measure the actual living wage gaps of workers, with payroll and benefits data submitted by producers into the digital tool. Data collection was coordinated in close collaboration with the suppliers from whom the retailers purchase their bananas.

The Salary Matrix relies on self-reported data. The aggregated results presented in this report are unaudited. A third-party verification exercise on a sample of matrices will be completed in 2024.

### Scope of the Study

489 Salary Matrices, representing 554 individual farms, were included in the study. This covered approximately 522,000 tonnes of bananas – 84% of total volumes sourced from hired labour farms by the participating retailers. This exceeded the aim of covering half of the supply chain in the first year.

On average, UK retailers purchased 4.4% of total farm production.

12 countries were represented in the data – Belize, Cameroon, Colombia, Costa Rica, Cote d'Ivoire, Dominican Republic, Ecuador, Ghana, Guatemala, Nicaragua, Panama, Peru.

Retailers sourced bananas directly from 15 international suppliers, and indirectly from over 90 producer groups.

# Year 1 Results

## Hired labour farms with/without a living wage gap



**63.2%**

With a gap

**36.8%**

Without a gap

## Workers with/without a living wage gap



**30.8%**

With a gap

**69.2%**

Without a gap

## Workers with/without a living wage gap, by gender



**30.2%**

Men



**34.1%**

Women



**17.09%**

Men

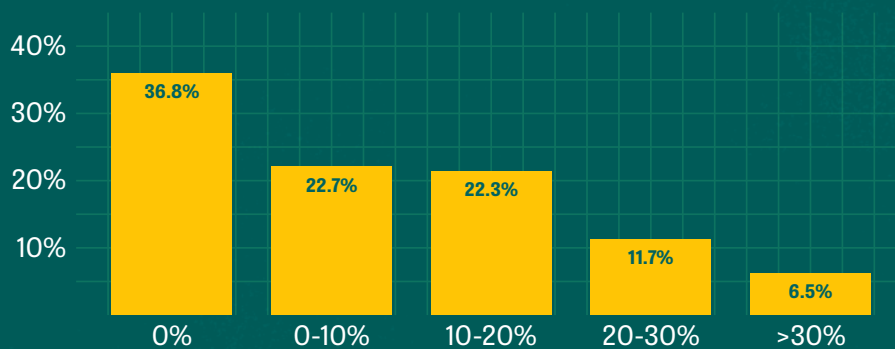


**19.68%**

Women

## Average size of living wage gap for workers with a gap, by gender

### Hired labour farms per average gap size



## Summary of Findings

Of the 489 salary matrices, 180 indicated that all workers receive a living wage and 309 reported a living wage gap for a proportion of their workers.

The study captured wage data for 84,672 workers. Of these, 58,579 (69.2%) were already receiving a living wage and 26,093 (30.8%) had a living wage gap. The average gap size was 17.41%.

Women, on average, had slightly higher living wage gaps (19.68%) than men (17.06%). There were also a higher proportion of women with a gap (34.1%) than men (30.2%). Overall, men make up a much higher proportion of the workforce (84.4%) than women (15.6%).

# Year 1 Activities



## Super-User Training

In September 2023, IDH launched a Salary Matrix “Super-User” training course. It was aimed at equipping personnel within retailers’ banana suppliers to support their banana farms with accurately inputting salary and benefits data. The course proved incredibly popular, so retailers across the UK, Belgian and Dutch commitments funded two additional Super-User sessions in January and February 2024. This will improve the quality of data collected this year.

## Joint Data Validation Exercise

Another activity aimed at improving data quality is a collaboration between seven UK retailers; nine Belgian, Dutch, and German companies; IDH; and the German development agency GIZ on a project to validate the living wage gap data for 10% of the salary matrices submitted by their supply chains. The results of the project will be available to the retailers later this year. They will help us identify key challenges to data quality and find efficient ways to scale auditing of this data.

## Better Together: European Alignment for Living Wages in Bananas

In addition to the UK commitment, there are similar commitments in the Netherlands and Belgium, convened by IDH, and a German commitment coordinated by GIZ. IDH and GIZ organised a series of “Better Together” learning spaces and workshops for 21 retailers across the

different banana commitments in response to the need for joint learning, reducing duplication, and avoiding unintended consequences for producers and workers. A key outcome was the introduction of an aligned timeline across all groups for wage data collection. In this way, producers are not asked to submit data at different times of the year by different retail customers, and activities like training and auditing can be streamlined and conducted during logical times during the annual data collection and reporting cycle.

### Better Together sessions included:

- case studies presented by producers and trade unions on the role of trade unions in working toward living wages;
- understanding and addressing producer feedback on living wage work;
- discussions about how to improve data quality;
- an in-person workshop alongside the Fruit Attraction trade conference in Madrid to explore strategies to close living wage gaps;
- a workshop on the new Fairtrade living wage reference prices for bananas.

## Consultations

In addition to regular monthly coordination meetings and the “Better Together” sessions, retailers proactively engaged in several consultations and studies related to living wage work this year, with the aim of enabling alignment across the industry. One such project culminated in an [ISEAL guiding framework](#) on living wage claims.

Retailers, producers, certifiers, trade unions and other stakeholders contributed to a guidance document on how voluntary financial contributions could temporarily support closing living wage gaps. This will be published later this year. Another consultation reflected on how the IDH Roadmap on Living Wages is driving and supporting work through the retail commitments, and the challenges that still need to be addressed.

## Stakeholder Engagement

The UK commitment launch was accompanied by a kick-off session with supply chain partners and other stakeholders with interest in the banana sector. To reduce duplication for producers and other stakeholders, and encourage alignment in approaches, retailers across the four national banana commitments agreed to channel multi-stakeholder dialogue through an existing platform, the World Banana Forum (WBF). To accommodate the level of interest, there are now frequent WBF meetings dedicated to living wage related topics with participation from retailers, producers, and trade unions.

The certification schemes Fairtrade and Rainforest Alliance have been actively participating in dialogue to support the living wage commitments, both through platforms such as Better Together and World Banana Forum, and bilaterally with IDH and the retail companies. This has included sharing approaches and tools to streamline work on living wage and avoid duplication for all stakeholders.

## Smallholders and Living Income

Although small scale banana farmers are outside the scope of the living wage commitment, the UK commitment recognises the importance of this sector and the need to look at living incomes. This work was kicked-off with a workshop on approaches to living incomes, with support from GIZ and Fairtrade.

## Focus for Year 2

During the second year of the UK commitment, retailers will start translating lessons, examples, and guidance on strategies to close living wage gaps into concrete plans to address the gaps in their supply chains. There will be a particular focus on responsible procurement practices – a key pillar of the commitment – with a retailer funded project to develop a banana-sector specific guidance framework for banana buyers.

Alignment and coordination across the four national banana commitments will continue with workshops and events convened by the Better Together initiative and meetings hosted by World Banana Forum.



For additional information on the UK retail banana commitment please visit [www.idhsustainabletrade.com](http://www.idhsustainabletrade.com)



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