

The NL Retail Commitment on living wages in the banana sector

Results 2023

In 2019, five Dutch retailers, established the [Dutch Retailer Living Wage Commitment](#) in the Banana Sector, coordinated by IDH. **Through this commitment, retailers committed to reduce the living wage gap for all their banana volumes by at least 75% by the end of 2025.** As the first group of retailers to set up such a commitment, Dutch retailers have played a pioneering role - navigating uncharted territory and shaping processes that can serve as a model for others. This report aims to provide an overview of the 2023 wage data calculations and activities carried out in 2024.

In 2024, the retailers' focus has been on discussing and determining voluntary contributions calculations to close the living wage gap with their suppliers, as well as identifying distribution mechanisms for these contributions.

2023 Wage data analysis

Data collection process

To gain a better insight on the living wage gaps in their supply chains - as well as to monitor progress on their commitment - Dutch retailers and their supply chain partners collect wage data and calculate living wage gaps relative to their banana

producers on an annual basis using the IDH Salary Matrix. 2024 was the fifth year that the retailers and their suppliers completed this process. The data itself, relates to the previous payroll year, namely 2023. Calculations are based on self-reported data from the salary matrix. However, in 2024 retailers engaged in a joint verification project that covered 10% of their producers.

Scope of the study

In 2024, retailers were able to gather wage data for 86% of their volumes. This represents 380 unique salary matrices, 58,862 workers and 147 157 tonnes of bananas.

Five countries were represented in the data: Colombia, Costa Rica, Dominican Republic, Ecuador and Panama.

Only plantations with hired labour were included in the study. Smallholders are excluded from the analysis since a living income approach is more suitable to their situation. However, Dutch retailers did map their 2023 volumes coming from smallholders to have a complete overview of their supply chains.

2023 Results

Average living wage gap:



12.8%

Plantations with / without a living wage gap



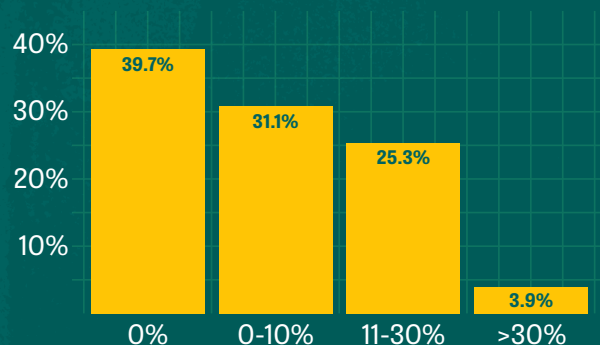
59.3%

With a gap

39.7%

Without a gap

Plantations per gap size



Workers with / without a living wage gap



25.4%

With a gap

74.6%

Without a gap

Workers with a living wage gap, by gender



24.7%

Men



30.0%

Women

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



12.4%

Men



14.9%

Women

% of volumes coming from plantations and smallholders



97.1%

From plantations

2.9%

From smallholders

% of volumes with / without living wage gap (only plantations with a submitted a salary matrix)



52.2%

With a living wage gap

47.8%

Without a living wage gap

Summary of Finding 2023 wage data

Of the 380 facilities observed, 151 reported that they were already paying a living wage to all their workers. On the other hand, 229 reported a living wage gap for at least a proportion of their workers.

The study captured wage data for 58,862 workers. Of these, 42,426 (74.6%) were already receiving a living wage and 14,436 (25.4%) showed a living wage gap. **The average living wage gap across the 14,436 workers that were not earning a living wage was 12.8%.** Looking back at the previous reporting year, we observe that the living wage gap remained stable. However, it should be noted that due to changes in the retailer supply chains, inflation and benchmark shifts, year-to-year data are not fully comparable.

When looking at the data divided by gender, we see that women had a slightly higher average living wage gap (14.90%) than men (12.44%). There was also a higher proportion of women with a gap (30% vs. 24.7%). Moreover, we noted that overall men make up a much higher proportion of the workforce (87% vs. 13%).

Taking into consideration the volume data, the study showed that 52,2 % of the Dutch volumes showed a living wage gap, whereas 47,8% did not have a living wage gap. These proportions were calculated based on the total volumes for which a salary matrix was submitted. Related to this finding, it is worth noting on the one hand that living wage gaps are calculated for an entire production entity without taking into consideration the specific volume off-take of a certain buyer; and on the other hand, that retailers are making voluntary contributions related to their own volume off-take. Since Dutch supermarkets only account for a small share of the producers' total output (1.1%), their efforts will have a small impact on the overall numbers and will most likely never lead to a full closure of the living wage gap measured at a production entity. Broader participation of other retailers is therefore essential to drive significant improvements at producer level. Getting more retail participation and existing commitments from retailers in other countries, such as the UK, Belgium, and Germany, play a crucial role in reducing living wage gaps and scaling impact.

In 2024, retailers focused on finding solutions to close the living wage gap for their volumes.

In the short-term, voluntary contributions were identified as the preferred way forward.

Voluntary contributions are additional payments made by retailers to help reduce the living wage gap. These payments can be made through existing systems like the fairtrade minimum price and premium or can be implemented by retailers independently. In 2024, all retailers developed a strategy to reduce the living wage gaps in their supply chains using voluntary contributions. More about this can be read under the 'looking ahead' section. Albert Heijn also finalised the payment of voluntary contributions in 2024 for their 2022 volumes after developing and agreeing a calculation method with their supplier throughout 2023, as some additional time was needed to establish the process for the first time. Further, 17% of total volumes was sold under fairtrade certification. Under the Fairtrade principle, 30% of the premium is mandatory paid in cash payments if there is a living wage gap on the farm. If voted as such, workers can choose to use 20% additionally for cash payments.



Commitment Activities: 2024



Salary matrix training for suppliers

In the first quarter of 2024, retailers from the Netherlands, UK, Germany and Belgium provided Salary Matrix training sessions to representatives from their leading supply chain partners. This 8-hour training aimed to equip participants with the knowledge needed to accurately complete the IDH Salary Matrix whilst following the Anker methodology for calculating prevailing wages. The sessions covered key topics including the Roadmap on Living Wages, core living wage concepts, Salary Matrix completion, and case studies from the banana sector.

Joint data verification exercise

In 2024, Dutch retailers participated in a joint verification project with other retailers from the UK, Germany and Belgium. The aim of the project was to get a better understanding of the quality of salary matrix data. **The salary matrix of 92 sites was verified. This represented 10% of all producers supplying bananas to participating retailers in 2023.** Of the verified sites, two third yielded positive results, meaning the information provided was properly validated and the calculations accurately reflected wage levels. These results are promising, however they also showed that annual verification is necessary, as well as support like salary matrix capacity building for producers to further improve the quality of the salary matrix data.

Risk-based approach verification data

Following the joint data verification exercise, retailers evaluated risk-based approaches to develop a scalable and efficient solution for collecting and verifying living wage gap data.

As part of this approach, **retailers agreed that sites that reported no wage gap and received a positive verification in the previous year will not require re-verification in the current year.** This approach, endorsed by all European retail initiatives, will be implemented and further refined in 2025.

Responsible procurement practices

Responsible procurement practices create a more balanced distribution of value and risk across the supply chains from producer to retailer and consumer. They are therefore crucial to help reduce living wage gaps. In 2024, all Dutch retailers participated in the development of a Responsible Procurement Practices (RPP) Framework for Retail in the Banana Sector, set to be published in 2025. **As part of this work, all participating retailers also completed a comprehensive self-assessment to evaluate their maturity in implementing responsible purchasing practices.** This process encouraged reflection on critical areas such as purchasing strategy, due diligence, contract and cost management, payment practices and supplier relationships. Through this self-assessment, retailers also fostered internal discussions between departments and identified future improvement areas that will be monitored in the coming years.

Voluntary contributions

In 2024 Dutch retailers defined a strategy related to the payment and distribution of voluntary contributions. Detailed information about this can be found in the section 'looking ahead'.

Better Together: European alignment for living wages in bananas

Alongside the Dutch commitment, there are similar commitments in Belgium and the UK, which are convened by IDH, and a German commitment coordinated by GIZ. IDH and GIZ organised a series of “Better Together” learning spaces and workshops for all retailers across the different banana commitments with the aim to reduce duplication, create efficiency and avoid unintended consequences for producers and workers.

A significant outcome of these discussions in 2024 was the collective decision to align as much as possible on practices around voluntary contributions and to work towards a common risk-based approach for selecting Salary Matrix data for verification in 2025. Further, learning sessions were held on living income and procurement strategies.

Looking ahead

In the final year of the Dutch Commitment, retailers will build on previous years' experience and work closely with suppliers to calculate the living wage gap in their supply chains and process living wage contributions based on their 2025 purchase volumes.

All Dutch retailers are committed to verifying the accuracy of Salary Matrix data through a joint annual verification process following the risk-based approach to ensure data reliability. They will also continue to share methodologies and best practices with the other national banana commitment, to align efforts and implementation.

Voluntary contributions have been defined as the preferred way to close living wage gaps in

the short-term. In 2024, Dutch retailers defined their strategy and started taking first steps in that direction. An overview of the actions defined by each retailer can be found below.

- After working with its suppliers in 2024 on the calculation and distribution methods, Superunie expects to reduce the living wage gap by 75% for its Rainforest Alliance-certified bananas using voluntary contributions and by 100% for its Fairtrade and Organic bananas from 2025 onwards.
- In 2024, DIRK and Dekamarkt worked with their supplier to determine the appropriate method for calculating and distributing voluntary contributions. Both retailers expect to proceed with the payment for the 2025 volumes in 2025.
- Jumbo will agree a way to calculate and distribute voluntary contributions with their supplier in 2025, with the aim to realise the payments in 2025.
- Similarly to 2024, Albert Heijn will continue making voluntary contributions for its entire volumes where gaps were identified, with payments expected by year-end as per their established process.

Next to the joint actions described above, Albert Heijn has also committed to go the extra mile by joining additional projects with other national commitments. They will provide funding for a gender analysis study using data from the Salary Matrix and contribute both funding and time to support the organisation of a Multi-Stakeholder Summit that aims to foster dialogue and collaboration between retailers and producers. Additionally, in collaboration with IDH, they plan to further explore how their purchasing practices impact their supply chains.



Want to know more?

If you want to know more about the living wage banana project, visit the [IDH](#) and [CBL](#) websites.

The following retailers are involved in this project:

