

Statement of Retailer Working Groups in Belgium, Germany, Netherlands and UK on Living Wage Commitments



With our public commitments, we retailers in the Netherlands, Belgium, UK, and Germany, working with support from IDH and the Deutsche Gesellschaft für international Zusammenarbeit (GIZ), underlined the importance of securing living wages as part of decent work for banana workers globally. Within and across our national commitments we have joined forces to maximize learning and leverage while minimizing efforts for our business partners.

With this joint statement we aim to share our aligned understanding on the conditions for making living wages and decent work a reality in the long run, building on feedback received by key stakeholders as well as lessons learnt along the way.¹



¹ This statement provides additional context and information about how retailers plan to work with supply chain partners and meet their living wage commitments, but does not supersede each group's existing public commitments and principles of engagement, found at these links: [Belgian](#), [Dutch](#), [German](#), [UK](#).

We share the understanding that:

1. Collaboration is key

- We as retailers should work on living wage with our supply chain partners.
- By working together, retailers can support supplier readiness to address living wage risks in the context of due diligence regulations and share the responsibility for improvement and compliance.
- Continuous dialogue and inclusive decision-making processes with intermediaries, producers, workers and worker representatives, as well as local governments are needed to build the necessary understanding and trust to jointly promote living wages.
- Openness and transparency to discuss challenges and good practices regarding the implementation of living wages is critical.
- Therefore, we are **committed to supporting and engaging in participatory dialogue formats** which enable an open and solution-oriented exchange with all relevant stakeholders. We consider the World Banana Forum as an appropriate and neutral convener for multi-stakeholder dialogue on living wages. Such dialogue must be solution-oriented, inclusive, and structured to realise benefits for all.

2. Securing living wages and decent work is a journey

- Reaching and sustaining living wages for banana workers is a journey. Its complexity means that sustainable solutions will take time.
- While in some cases living wages are already being paid, where there are gaps we do not expect farms to close these overnight. **We commit to not moving away from direct supply chain partners solely due to the initial size of their producers' living wage gaps. We will also make this clear to our supply chain partners, therefore trying to minimize negative consequences down the supply chain.** We invite these farms to share data with us so that we can collaborate on measures that help to reduce the gaps.
- There is **no one-size-fits-all solution** for realizing living wages. National and farm-specific contexts need to be considered in the design and implementation of strategies to close living wage gaps.
- Our current approach focuses on **testing viable approaches** in different country contexts with a selection of supply chain partners and other stakeholders such as suppliers, producers, and workers.
- **Collective bargaining is the most sustainable approach to wage improvement, balancing worker rights and economic interests.** We respect the fundamental human rights to freedom of association and collective bargaining and expect our supply chain partners to do the same. We will support building the capacity of unions and employers to engage in social dialogue and to negotiate collective agreements for example through the activities of the German working group.
- Together with our supply chain partners, we want to build on lessons learnt to **develop good practices for promoting living wages at scale, step by step.** From 2024 onwards, the German Working Group is implementing the Living Wage Piloting Programme (LWPP). All the other working groups also plan to launch projects to close gaps in 2024. The projects will be co-developed with our supply chain partners and we are committed to sharing our progress, lessons, and results.

3. Wage analysis and verification help to inform responsible purchasing practices and social dialogue.

- Measurement, payment, and verification of living wages are linked to financial and administrative efforts for producers and intermediaries.
- The **analysis of wages and potential wage gaps**, and other work-related risks in the case of the German working group, helps **inform our decisions** about investment in projects and responsible purchasing practices. This is why it is essential to provide accurate data – so we can use the information to discuss and make the right decisions with our supply chain partners. We will share aggregated data with our supply chain partners to facilitate transparency and enable data-driven discussions.
- We are committed to making progress towards the use of a single tool to assess living wage gaps – the [Salary Matrix](#). We understand that the tool is complex and may require training and support to use it effectively. We are working with IDH, GIZ, and other partners, such as voluntary certification standards, to support capacity building for producers on the tool. We encourage tool users to provide constructive feedback to IDH so it can continue to be improved and provide the required data with the least possible effort for producers.
- We aim to test scalable approaches to data verification with voluntary sustainability standards and want to make this as efficient and cost effective as possible for producers.
- We are **open to discuss the appropriate scope and frequency for future wage analyses** in a multi-stakeholder setting with all concerned parties.



4. The payment of living wages comes at a cost. Responsible purchasing practices and social dialogue can go hand in hand.

- Labor costs have a direct and significant influence on a farm's total production costs and the competitive price level of sourcing countries.
- Therefore, we recognize our responsibility to **support all banana producers in our supply chains** in working towards and securing living wages. We can do this **through responsible purchasing practices** and an array of potential solutions to close living wage gaps as appropriate for local conditions.²
- Responsible purchasing practices include **paying supply chain partners fairly and using contracts that work for both producers and buyers.**
- We recognize that collective bargaining is the most sustainable approach to wage improvement, if supported by responsible purchasing practices. But we acknowledge that this approach can take some time to implement, and in some contexts, requires structural changes in the enabling environment for effective social dialogue.
- Therefore, we are **committed to exploring time-bound voluntary financial contributions** equivalent to volumes sourced as an intermediate vehicle to support farms that have living wage gaps.
- For calculating the cost of closing gaps, we invite producers to use the [GIZ Living Wage Costing Tool](#) to determine a farm's individual price markup for paying their workers a living wage while considering farm-specific wage structures to reduce unintended consequences. GIZ is seeking alignment with other existing tools. We also recognize that workers should earn a living wage through wages that are properly negotiated through social dialogue and collective bargaining agreements.
- We acknowledge that some farms already pay a living wage (or more) to all their workers. The German working group will **explore additional support options in the form of responsible purchasing practices for farms without prevailing wage gaps.** This will be tested within the context of the Living Wage Piloting Programme which will be launched in 2024.
- We recognize the **importance of long-term relationships** with our suppliers and producers, including small scale farms, to enable action and structural changes on the ground. We aim to promote stable business partnerships for producers in our supply chains. We endorse the commitment to refrain from switching supply bases to countries with smaller gaps or lower living wage/living income benchmarks to meet our commitments.

5. Protecting Small scale farmers

Approaches to calculating and closing living wage gaps are not appropriate for small scale farms. This context requires a living income approach, which is not part of the retailer living wage commitments. We understand the importance of ensuring that our living wage work does not negatively impact small scale farmers. We recognize the importance of sourcing from smallholders, and we are committed to continue sourcing from them.

² A resource that can be used for examples of solutions to close living wage gaps is the [IDH Living Wage Action Guide](#).

6. Alignment is key

- **Living wage gaps can only be closed if all relevant buyers take responsibility.** We participate in ongoing coordination with all retailers participating in living wage commitments in bananas to ensure alignment and motivate others to join.
- Whenever possible, and in line with antitrust regulation, we will **harmonize methodologies and strategies** among the European retailer working groups to minimize effort and cost for our business partners associated with meeting the requirements of various customers. So far, we have aligned on methods of measuring gaps and timeframes for collecting salary data. We are also collaborating to streamline data verification processes.
- We recognize the **importance of coordinating our action with other relevant stakeholders**, such as standard setting organizations, worker representatives and unions. Examples include:
 - Participating in the Ethical Trade Initiative and Banana Link meetings to strengthen dialogue and joint action between retailers and relevant unions.
 - The German retailers pilot projects being implemented with Fairtrade, FLOCERT, CLAC and Rainforest Alliance. Among other topics, the pilots aim to test the implementation and verification of voluntary payments.
- Within our companies we **strengthen alignment between relevant departments**, especially with purchasing teams, to ensure that our commitments are implemented in a consistent manner.

We are committed to reporting on progress in an efficient way through the World Banana Forum's multistakeholder meetings. We welcome constructive feedback on our approach with the objective of co-developing solutions with our supply chain partners and industry stakeholders to make living wages a reality for workers in our banana supply chains.

