

LIVING WAGES FOR BANANA WORKERS:

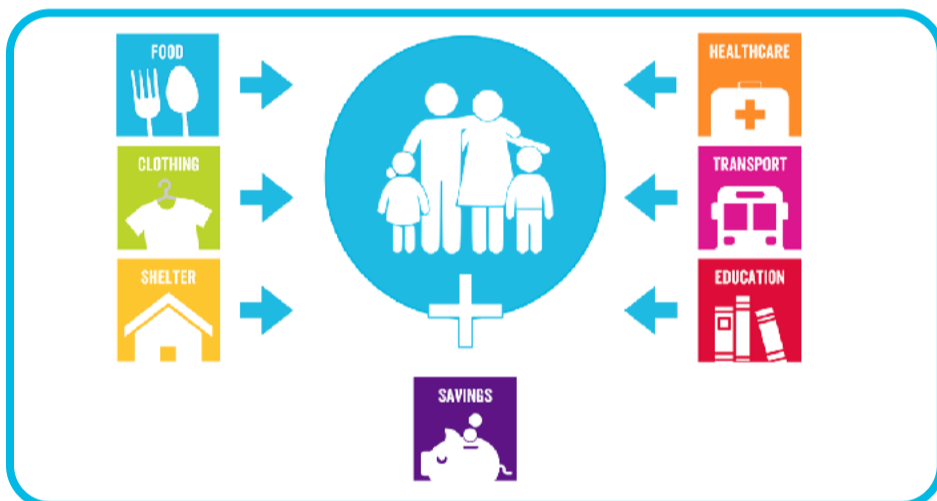
THE FAIRTRADE APPROACH



Photo: Eduardo Martino

WHAT IS A LIVING WAGE?

A living wage is a [human right](#). It's a wage that covers the essential needs of workers and their families, including food, clothing, shelter, healthcare, education, transportation and a little extra to save for emergencies.



Many small-scale farmers and agricultural workers still live in poverty, despite growing the crops that drive supply chains worth billions on the global market. Low wages contribute to human rights abuses including child and forced labour, as well as exacerbating health and safety risks in the workplace.

WHY PAY A LIVING WAGE?

A living wage benefits both workers and employers. Companies which ensure a living wage is paid throughout their supply chain:

- Comply with current and future legal responsibilities: more and more governments are implementing the [UN Guiding Principles on Business and Human Rights](#) and other legislation.
- Help to achieve the [UN Sustainable Development Goals](#) (SDGs) on decent work, ending poverty and sustainable consumption.

- Enjoy protection against serious reputational risks: consumers are heavily influenced by exposés of poverty wages and human rights abuses.
- Support their own bottom line: consumers around the world increasingly [demand sustainably-sourced products](#), and the business case for responsible brands has never been stronger.
- Play a role in protecting vulnerable communities, families and businesses hit hard by the [COVID-19 pandemic](#) and helping them become more resilient in a post-COVID trading environment.

TOWARDS A LIVING WAGE FOR

FAIRTRADE BANANA WORKERS

Fairtrade is fully committed to [SDG 8](#) - in particular to achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value. In order to pay a living wage, however, we first need to know the cost of a decent standard of living in each country, and the gap between that and workers' current wages.

As a founder and leading member of the [Global Living Wage Coalition](#), Fairtrade works to establish independently-validated living wage benchmarks for different countries and regions. These benchmarks show the gaps between actual wages and the living wage - gaps which vary widely.

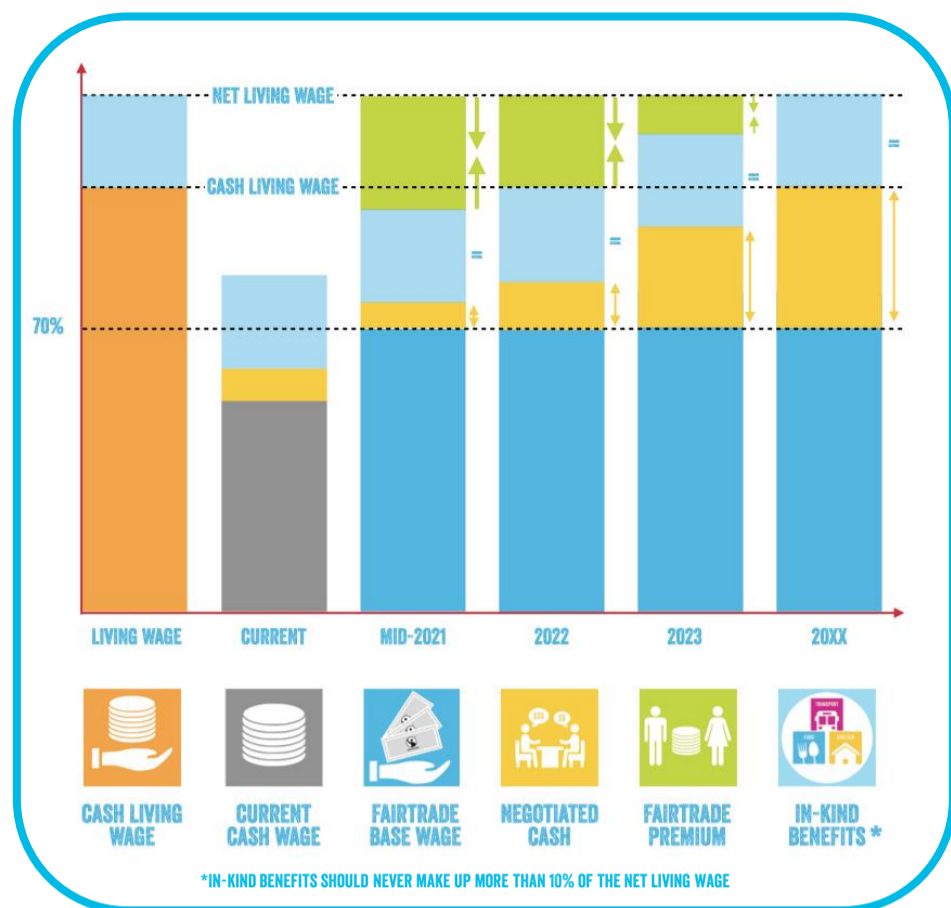
Some banana producing countries have taken significant steps to paying workers a decent wage, but in other origins they are still low. Our research show this is down to two main factors in any given origin: the legal minimum wage and local collective bargaining.

OUR VISION: A WORLD IN WHICH ALL PRODUCERS CAN ENJOY SECURE, SUSTAINABLE LIVELIHOODS, FULFIL THEIR POTENTIAL AND DECIDE ON THEIR FUTURE.



Essential components of our approach to living wages for banana workers are:

- Ensuring minimum acceptable remuneration. That means that Fairtrade sets wage requirements below which employers cannot go.
- Supporting disposable incomes through the Fairtrade Premium. Fairtrade is currently the only sustainability standard that guarantees a fixed Premium for bananas.
- Enabling wage increases, negotiated with the employer as an outcome of collective bargaining and responsible sourcing. That way workers won't depend on certification in the long run for a living wage.
- Collaborating with others: Fairtrade realizes that our objective cannot be achieved alone. We will work with companies, trade unions, NGOs, government agencies and international public organisations to bring about living wages in banana production.



THREE TOOLS TO CLOSE THE GAP



FAIRTRADE
BASE WAGE

A compulsory Fairtrade Base Wage - starting on 1 July 2021 at 70% of the living wage. Every Fairtrade banana worker will get at least the base wage, even if the legal minimum wage is lower. And if they already receive more, their wages can't be lowered.



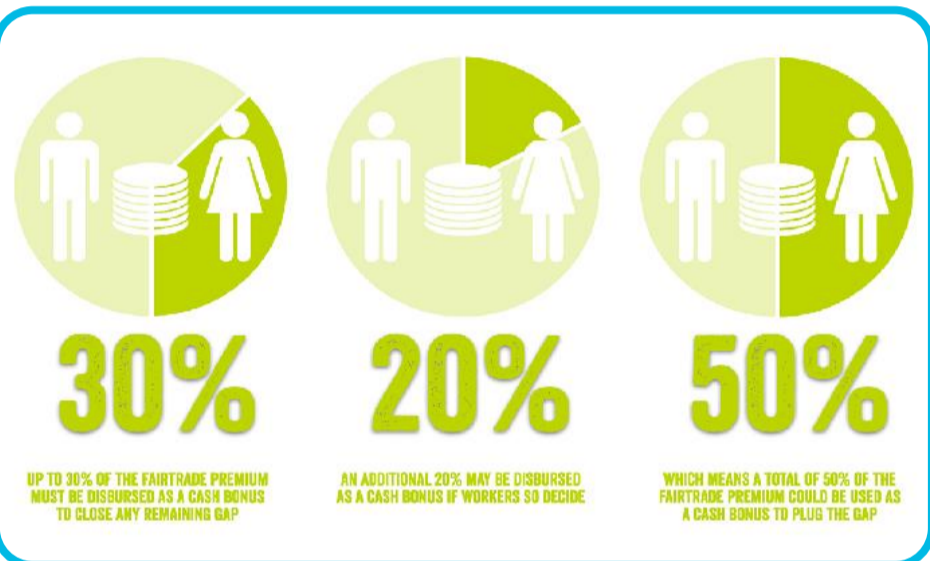
NEGOTIATED
CASH

Employers must negotiate an agreement with a registered trade union (preferably) or other elected workers' representatives to bridge the gap between actual wages and the living wage. The timelines and steps set out in the agreement are not pre-defined since economic conditions affecting producers in the Fairtrade system vary widely. Annual increases should exceed inflation to ensure that the gap with the living wage narrows over time.



FAIRTRADE
PREMIUM

As a temporary measure to support workers and their families, up to 30 percent of the Fairtrade Premium must be used as a cash bonus. If workers so decide, an additional 20 percent of the Premium may be used - bringing the maximum allowed to 50 percent. Depending on local tax rules, the Premium bonus may be given in vouchers, instead of cash.



Fairtrade is focusing on how to help banana workers reach the take-home pay they need to earn a living wage, which is why we're not including in-kind benefits in the base wage calculations.

For countries where living wages are not yet achieved through these changes, Fairtrade will work on additional strategies to help close the gap to the living wage throughout 2021.

FIND OUT MORE

The revised standard is valid as of 1 January 2021, with the Fairtrade Base Wage coming into effect on 1 July 2021. More details here: <https://www.fairtrade.net/standard/hl-fresh-fruit>.

Any questions or comments on the Fairtrade Standard? Contact Giovanna Michelotto: g.michelotto@fairtrade.net Commercial partners can also contact their Fairtrade account manager.

OUR VISION: A WORLD IN WHICH ALL PRODUCERS CAN ENJOY SECURE, SUSTAINABLE LIVELIHOODS, FULFIL THEIR POTENTIAL AND DECIDE ON THEIR FUTURE.

