Ethical Trading Initiative

Banana supply chain:

How purchasing practices influence outcomes for producers, exporters, and workers

Group report

Contents

Executive summary

Until now, efforts to improve labour conditions in the banana sector have largely been focused on the production end of the chain. This has left one key area unexamined: the impact of retailer purchasing practices on workers. This report sets out to address this gap.

It draws on a variety of surveys conducted across both Tier 1 and Tier 2 suppliers and retailers. The research identified areas where the experience of suppliers and the internal perceptions of retailers align and where they diverge. It highlights the structural and operational factors that shape these differences and examines how specific purchasing practices create impacts across the supply chain and, ultimately, for workers. In addition to the findings, the report identifies gaps and establishes priority areas for making improvements.

By aligning commercial and ethical teams around a shared understanding of responsible purchasing, this initiative aims to strengthen relationships between suppliers and retailers, reduce human rights risks, and contribute to progress towards living wages in the banana sector.

Workforce covered by assessment:

90,898 permanent workers (31,207 female)

7,020 temporary workers (1,841 female)

Comparing the supplier experience with the perspective of retailers

A series of surveys and interviews were conducted with both suppliers and their retailer buyers around ETI's Common Framework for Responsible Purchasing Practices (Food Framework):

Principle 1: Internal integration

The purchasing company has top leadership buy-in and commitment to RPPs, and a thorough understanding of existing suppliers and purchasing systems, and their potential impact on human rights. This information is used to develop an action plan. RPPs are integrated into buying and other relevant departments of the business.

Principle 2: Equal partnership

The purchasing company and their suppliers respect each other as equal business partners, engage in respectful sourcing dialogue, and pursue win-win situations, with a shared responsibility to improve working conditions.

Principle 3: Collaborative production planning

Critical path and production planning are done collaboratively between the purchasing company and suppliers, with a fair distribution of risk and accountability.

Principle 4: Fair payment terms

The purchasing company and suppliers agree on fair and transparent payment terms that do not place a disproportionate burden on one party. Contractual obligations are honoured. Payments are made in full and on time.

Principle 5: Sustainable costing

The costing levels and procedures of the purchasing company support wage increases and sustainable production. Prices cover all costs of production in line with responsible business conduct and allow for a reasonable and maintained supplier profit margin.

Suppliers were asked how they viewed each retailer's performance against the principles of the ETI Food Framework (Figure 1). Retailers were also asked how common they perceived specific issues to be across their supply chains. The results illustrate where perspectives align and where they diverge, and identify gaps in understanding, implementation, and visibility across the supply chain.

FIGURE 1. HOW SUPPLIERS SCORED RETAILERS AGAINST PRINCIPLES OF THE ETI FOOD FRAMEWORK

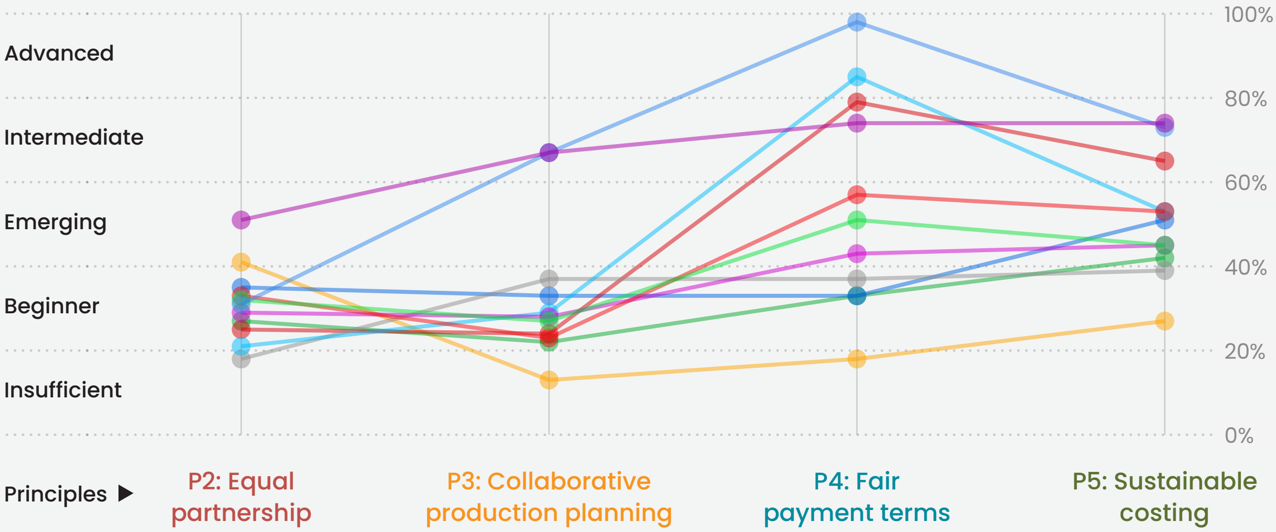
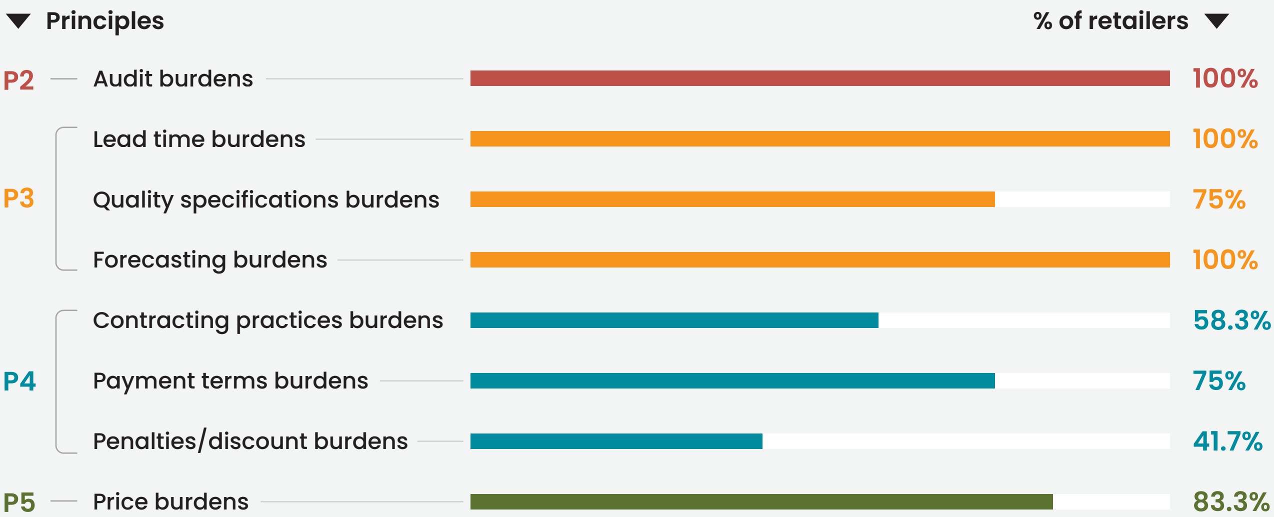


Figure 2 shows the most common issues between suppliers and retailers reported across all principles relate to Principle 2 (Equal partnership) and Principle 3 (Collaborative production planning). While less pronounced, Principle 4 (Fair payment terms) and Principle 5 (Sustainable costing) issues are still evident. However, we should note here that results may be influenced by power dynamics, as suppliers are likely to exercise some caution when reporting on issues that could affect their commercial relationships.

FIGURE 2. HOW COMMON ARE SPECIFIC ISSUES IN RETAILERS' SUPPLY CHAINS?



Key issues reported by suppliers

Power dynamics and commercial pressure

Commercial decisions made by retailers strongly shape supply-chain and worker conditions. It is rarely feasible for suppliers to refuse low prices or unfavourable terms given the need to secure sufficient business, even when they create cash flow challenges or increase financial risk.

Prices not covering the real cost of production

Low prices undermine stable margins and force difficult trade offs, while European market requirements increasingly exceed local legal standards without any corresponding price adjustments.

Certification and audit fatigue

Suppliers are subjected to pressure from a growing accumulation of overlapping standards, expanding audit scopes, and increasing audit days.

Divergent technical specifications across markets

Technical specifications vary significantly across markets, increasing production costs, generating additional waste, and complicating logistics for suppliers serving multiple destinations. Plus, smaller producers and worker organisations are often not consulted in creating these requirements.

Pressures from low retail prices and claims management practices

Suppliers expressed that meaningful improvements across the supply chain (including wage increases) ultimately require higher retail prices. There is a persistent tension between the low price strategies of retailers and the rising costs of labour, inputs, and compliance

Living wage commitments

While living wage commitments are welcomed in principle, suppliers reported significant implementation challenges. Although retailers often commit to covering the living wage gap, suppliers noted that in practice they sometimes end up absorbing part of the cost themselves. Suppliers and retailers highlighted that living wage benchmarks can increasingly influence sourcing decisions, with some suggesting there had been a shift towards countries with smaller or no wage gaps.

Key findings from retailers

The surveys and interviews conducted with retailers also revealed some key findings, with areas of the interviews in particular relating to Principle 1 and internal processes:

Retailers reported that internal alignment is essential for ensuring consistent expectations and reducing unintended pressure on suppliers. Leadership commitment is widely viewed as essential for strengthening the internal systems to support more responsible purchasing practices — where leadership engagement influences resourcing, collaboration across teams, and the prioritisation of responsible purchasing in commercial decision making. There's also significant variation in how well buying and human rights teams understand supplier challenges. While retailers broadly agree on the major areas of concern — particularly pricing pressures and certification burdens — this doesn't automatically mean strong awareness of actual or perceived upstream impacts these pressures create for workers. Many also highlighted that while long standing supplier relationships are positive, they recognise this doesn't automatically translate into responsible purchasing practices, and may in fact mask underlying structural pressures.

Findings and recommendations for retailers based around the Food Framework principles

The survey and interviews offered a closer look at retailers' purchasing practices in relation to each of the individual Food Framework principles. The results show a clear divergence between the actual experiences of suppliers and retailers' perspectives. Based on the findings, recommendations are made around each principle (noting that Principle 1 is missing, as suppliers cannot comment on a retailers' internal processes).

Principle 2 Findings and recommendations

Audit and certification burden creates pressure on suppliers, workers, and subcontractors or growers, and at least one supplier per retailer experienced increased administrative workload. Retailer and supplier perspectives diverge sharply, with buying teams viewing audits as standard compliance requirements, whereas suppliers report considerable operational and financial strain. Audits and certifications were consistently described as duplicative, resource intensive, and difficult to question, which contributes to a perception gap between suppliers and buyers. Thus, retailers should seek to work on more effective supplier feedback mechanisms (2.5) and make continuous improvement (2.6) by:

Improving audit and certification processes (2.5 → informs 2.6)

- Introduce a **structured way for suppliers to flag duplicative or disproportionate audit requirements**, ensuring concerns can be raised without commercial risk.
- **Review audit processes** to identify where requirements overlap or create unnecessary strain.
- **Increase predictability** by providing clear timelines, documentation expectations, and advance notice of changes.

Strengthening supplier feedback channels (2.5)

- **Create a low burden mechanism** for suppliers to explain how audits, timelines, or other requirements affect their operations.
- **Integrate supplier feedback** into internal planning and compliance reviews, ensuring operational impacts inform adjustments.
- **Demonstrate responsiveness** by communicating back to suppliers how their input has shaped improvements.

Improving communication consistency and predictability (2.5)

- **Ensure communication is timely, solution oriented, and consistent** across teams, reducing conflicting messages.
- **Provide clear escalation routes** so suppliers can raise operational challenges without commercial risk.
- **Share decisions and changes early**, allowing suppliers sufficient time to plan.

Embedding continuous improvement (2.6)

- **Track recurring issues** raised by suppliers (such as audit duplication, last minute requests, unclear requirements).
- **Use this data to adjust internal processes**, ensuring expectations remain proportionate and manageable.
- **Review progress regularly** to ensure improvements are sustained over time.

Principle 3 Findings and recommendations

Production planning issues are cost generating events that create significant pressure across suppliers, workers, and subcontractors or growers. Impacts cascade into worker stress, longer hours, morale issues, and safety concerns, and extend further into subcontractor networks through increased administrative workload, higher production costs, and financial strain. Data also shows a clear gap between how retailers think planning works, and how suppliers experience it in practice — with production planning a major source of pressure across the supply chain. Production planning challenges are systemic, with last minute timeline changes, limited forecasting detail, and shifting specifications emerging as the most frequent issues. Retailers must therefore ensure fair risk distribution (3.5), more effective supplier feedback mechanisms (2.5), and continuous improvement (2.6) through:

Reducing last minute timeline changes (3.1)

- **Review internal decision pathways** to identify where late changes originate and how they can be prevented.
- **Use supplier input** to refine planning processes and identify recurring bottlenecks.
- **Assess operational and worker impacts** when changes are unavoidable, and share associated costs where appropriate to support fair risk distribution.

Strengthening forecasting accuracy and detail (3.4)

- **Provide clearer forecasting assumptions** and update them regularly as market conditions shift.
- **Engage suppliers in forecasting reviews** to ensure planned volumes and timelines reflect operational realities.
- **Increase the level of detail in forecasts** to reduce downstream disruptions and overtime pressures.

Improving specification stability and clarity (3.1, 3.2 & 3.3)

- **Confirm feasibility and completeness** of specifications early, before production begins.
- **Minimise mid cycle specification changes**, and where changes are necessary, align timelines and communicate impacts clearly.
- **Track the frequency and causes of specification changes** to identify internal process improvements.

Embedding structured supplier feedback into planning cycles (2.5 & 2.6)

- **Introduce a low burden mechanism** for suppliers to report planning related challenges.
- **Integrate this feedback into planning reviews**, ensuring that supplier experience informs continuous improvement.
- **Use feedback trends** to identify systemic issues and adjust internal processes accordingly.

Principle 4 Findings and recommendations

Retailers generally view their contracting and payment practices as functioning well, describing their payment terms as fair, supportive, and well understood. Again, the response from suppliers points to a different experience, where payment terms are a source of financial strain. Long payment timelines, penalties, and one sided contracting arrangements are associated with impacts such as forced borrowing, increased financing costs, difficulty paying workers, and financial loss. This makes Principle 4 an important area for further attention, particularly given the link between financial pressure and worker outcomes such as wage delays, job cuts, and reduced investment in labour conditions.

OVERALL PROBLEM	RECOMMENDATIONS
Suppliers say that contracting and payment terms are a major source of financial pressure, with long payment timelines, penalties, and limited room to negotiate creating strain across suppliers, workers, and subcontractors. Retailers must find ways to strengthen alignment with the Common Framework for RPP in Manufacturing Industries under Responsible Negotiation of Contractual Assurances (4.1) and Mutual Contractual Responsibilities (4.2) by:	• **Adopting contract language** that ensures suppliers have a genuine opportunity to negotiate terms, drawing on the Responsible Contracting Project's Model Contract Clauses. • **Clarifying the allocation of responsibilities** in contracts to avoid one sided transfer of risk. • **Avoiding take it or leave it contracting**, including last minute terms or unilateral changes.
Current payment timelines often create cash flow pressure, limit investment in labour conditions, and in some cases lead to borrowing or delayed wage payments. Retailers must provide on time payment, fair financial commitment, and no retrospective changes (Principles 4.1–4.3) through:	• **Shortening payment timelines**, particularly for smaller suppliers or those operating in high risk contexts. • **Using deposits or pre financing** where appropriate to support cash flow stability. • Ensuring that **any changes** to agreed terms **are communicated in advance** and mutually agreed.
Penalties is another area where suppliers experience unpredictability. Retailers should make efforts to only impose proportionate and evidence based penalties (4.4) and track and address root causes (4.5) by:	• Ensuring **penalties are proportionate, transparent, and based on clear evidence**, with suppliers given the opportunity to respond. • Monitoring the **frequency and causes of penalties** and **address systemic issues** within purchasing practices that contribute to them.
Suppliers also highlighted the need for visibility and fairness in payment practices across intermediaries and supply chain tiers. Retailers should look at fairness across tiers (4.6) by:	• **Increasing oversight of intermediaries** to ensure payment terms and penalties applied downstream are consistent with agreed standards. • **Requiring transparency on payment timelines and deductions** across all tiers involved in fulfilling orders.

Principle 5 Findings and recommendations

Pricing practices are another major driver of financial pressure across the supply chain. Unsustainable pricing is not limited to isolated cases but is in fact widespread across retailers. The resulting pressures are linked to upstream impacts such as reduced ability to pay workers, cutting back on labour or environmental standards, and financial loss, with several of these impacts classified as Category 5 harms. This is despite buyers view their pricing practices as collaborative, responsible, and aligned with sustainability objectives.

OVERALL PROBLEM	RECOMMENDATIONS
Current pricing structures often fail to cover production costs, wages, compliance requirements, or a reasonable profit margin. In response, retailers should ensure they are paying prices that cover responsible business conduct (5.1) by:	▸ **Reviewing costing models** to ensure prices reflect the full cost of responsible production, including labour, inputs, and compliance requirements. ▸ **Avoiding pricing mechanisms** (such as aggressive tenders or double down auctions) that drive prices below responsible cost levels. ▸ **Ensuring forecasting, lead times, and order stability** support suppliers' ability to maintain wage levels and comply with labour standards.
Some suppliers reported that prices had not kept pace with rising labour or production costs. Here, retailers must ensure they are incorporating wage and cost increases (5.2) through:	▸ **Establishing a clear process for reviewing supplier requests** linked to minimum wage adjustments, input cost increases, or compliance requirements. ▸ **Ensuring legitimate cost increases** are reflected in purchase prices within a reasonable timeframe. ▸ **Integrating wage related pricing expectations** into commercial agreements so suppliers are protected from downward pressure that undermines wage commitments.
While retailers have made commitments on living wages, **supplier experience shows that engagement is uneven and not always supported by pricing that enables wage improvements.** So, retailers must make efforts to understand the living wage gap (5.3) and implement cost strategies for living wages (5.4) by:	▸ **Using recognised benchmarks** to calculate the wage gap and understand what price levels would allow progress. ▸ **Where voluntary contributions are used, retailers should maintain them** and avoid passing wage gap obligations to suppliers. ▸ **Working with suppliers on structured plans to close living wage gaps**, ensuring that commercial decisions do not incentivise sourcing away from higher gap regions. ▸ **Where wage related price adjustments are made, verifying (by engaging with worker representatives)** that these amounts actually reach workers as intended. ▸ **Implementing a remediation process where pricing is found to fall below responsible cost levels**, ensuring adjustments are made and recurrence is prevented.

OVERALL PROBLEM

While unions or elected worker representatives are present in most production sites, **retailer support for involving them in wage related discussions is inconsistent**. In response, retailers must seek to align with principles around workers' and worker representatives' involvement (5.5) through:

RECOMMENDATIONS

- **Encouraging suppliers to involve legitimate worker representatives** in discussions on wages, working conditions, and living-wage implementation, consistent with recognised worker-representation structures.
- **Ensuring that purchasing practices and commercial pressures do not undermine** the ability of worker representatives to participate meaningfully, in line with ILO principles and the Food Framework's emphasis on enabling effective worker engagement.

Impacts of retailer purchasing practices on workers

There was a consistent pattern in the data which highlighted how the impacts of irresponsible purchasing practices cascade downwards in the supply chain. Pressure applied at the purchasing level translates into strain on the supplier, which then becomes worker harm, which in turn becomes upstream supplier instability and loss.

Impacts linked to Principles 2 and 3 are mainly short term operational pressures that suppliers must respond to immediately. These include increasing overtime, intensifying production, reallocating labour at short notice, or absorbing unexpected costs within already tight margins. In contrast, impacts associated with Principles 4 and 5 reflect longer term, systemic consequences that arise when commercial conditions, particularly pricing burdens, are consistently insufficient. These include job cuts, fewer jobs available, employees not being paid on time, rising financing costs, and deterioration in upstream business relationships.

The evidence illustrates that irresponsible purchasing practices have consequences throughout the whole system. They are not isolated business decisions. For example, some suppliers report responding through measures such as cost cutting, intensified production, and greater reliance on flexible labour arrangements. Workers then experience the resulting impacts through longer hours, increased work intensity, unstable earnings, and reduced job security.

Several recurring issues stood out:

- Retail prices shape wage progression and limit wage improvements.
- Quality-based price deductions reduce income stability.
- Certification requirements imposed by retailers create significant cost burdens.
- Purchasing patterns drive unpredictability and extended working hours.
- Price pressure encourages reliance on precarious and informal labour.
- Retailer-specific private standards increase operational costs and reduce wage capacity.
- Piece-rate systems become more demanding under price pressure.
- Irresponsible purchasing practice has a disproportionate impact on women.

Conclusion

This report clearly demonstrates that retailers' purchasing practices have a significant impact on labour conditions and workers' rights in the banana sector. Evidence shows that pressure placed on suppliers cascades downward — first into the supplier's own operations, then into labour conditions, and finally into subcontractor and grower networks.

Suppliers consistently reported that the way retailers buy — how they plan, forecast, price, contract, audit, and pay — have direct and often severe consequences for their operations and for workers' conditions. We saw, for example, that around 14,000 workers may have experienced increased stress linked to retailer pricing pressures, or have been exposed to long working hours as a result of audit-related pressures.

The findings illustrate that failures are not isolated or contextual. And while banana retailers consistently reported confidence in their own practices, suppliers reported a different actual experience — a pattern of divergence that played out across all areas of planning, pricing, payment, and audit. Perhaps nowhere is this more stark than on contract terms, where every buyer surveyed reported that they do not force suppliers to accept terms, while half of all suppliers reported the opposite. Or where nearly all retailer buyers perceived their audit requirements to be manageable and routine, while most suppliers suggested the opposite: that audit requirements are a clear source of operational and financial strain.

Independent worker representation — through trade unions or elected worker committees — remains central to ensuring progress on wages and working conditions reflects workers' needs. Retailers' purchasing practices create the conditions for how this participation can take place. Yet the data showed their support to be uneven, as the wider context of commercial pressure shaped by purchasing practices influences the conditions in which worker representatives operate.

Responsible purchasing is not an optional enhancement, or an operational detail to be managed downstream. As the precondition for meaningful, lasting improvement in the banana sector, purchasing practices must be a central component of human rights due diligence. Without addressing them, progress on living wages, decent work, and responsible business conduct will remain limited, fragile, and uneven.

The urgency to act is amplified by the global context

The report takes place against a global market that is itself under mounting strain. The United Nations Food and Agriculture Organization (FAO)'s 2024 Banana Market Review[1] shows that extreme weather, rising production costs, currency volatility and the spread of Tropical Race 4 (TR4) have reduced the availability of banana exports across many major producing countries. Meanwhile, import prices in Europe and the United States fell by 2–5 percent in 2024. This combination of unstable supply, escalating production risks and falling trade prices has left many producers operating on thin and declining margins. A fragile global context amplifies the significance of retailer purchasing practices, where commercial decisions can either help stabilise stressed supply chains or intensify the pressures experienced by suppliers and workers.

1 FAO (2024). Banana Market Review 2024. Rome: Food and Agriculture Organization of the United Nations.

Introduction

Bananas are a core product for most food retailers. With working conditions in the sector coming under the spotlight over the last decade or so, retailers, suppliers, unions, certification bodies, and civil society organisations have all made significant efforts to address working conditions – including work on living wage commitments and broader human rights issues. Despite extensive activity, one area has remained largely unexamined. That is, how retailer purchasing practices influence outcomes for producers, exporters, and workers.

This report aims to address this gap. Its main focus is to understand how purchasing practices are designed, implemented, and experienced across the banana supply chain. After all, purchasing practices play a central role in shaping commercial relationships and influencing conditions for suppliers and workers. Everyday decisions can either mitigate or exacerbate human rights risks, affect supply-chain stability, and determine whether suppliers have the capacity to provide decent work.

The report draws on a variety of surveys conducted across both suppliers and retailers. This research enabled the identification of areas where the experience of suppliers and the internal perceptions of retailers align and where they diverge, highlighting the structural and operational factors that shape these differences, and examining how specific purchasing practices create impacts across the supply chain and, ultimately, for workers.

This is not to say there aren't positive examples of responsible purchasing practices already being implemented. There are. Some retailers have adopted longer term agreements, many have invested in understanding living wage gaps, and one retailer is working to shorten payment terms and advance payments to support supplier cash flow. But our overall intention is to help retailers identify gaps, and establish priority areas for improvement, structured around ETI's Common Framework for Responsible Purchasing Practices (Food Framework). By aligning commercial and ethical teams around a shared understanding of responsible purchasing, this initiative aims to strengthen relationships between suppliers and retailers, reduce human rights risks, and contribute to progress towards responsible purchasing practices in the banana sector.

Context

Who produced the report?

The work forms part of the wider efforts on living wages in the banana sector. This includes the German Retailers Working Group on Living Income and Living Wages coordinated by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)'s Sustainable Agricultural Supply Chains Initiative (SASI), and the national Banana Retail Commitment on Living Wages for banana supply chains in Belgium, the Netherlands, and the UK, coordinated by IDH. Both initiatives aim to promote living wages and reduce existing wage gaps in their banana supply chains between 2025 and 2027. Responsible purchasing practices have been identified as a key lever for achieving these goals. Further details on the commitments, along with previous work on purchasing practices, are provided in the appendices.

The assessment itself was completed in partnership with the Ethical Trading Initiative (ETI) and delivered through a collective process involving twelve retailers participating in the German, Belgian, Dutch and British retail banana commitments.

Participating retailers

Albert Heijn

ALDI Nord

ALDI SOUTH Group

Asda

Co-op

Delhaize

Jumbo

Kaufland

Morrisons

REWE Group

Sainsbury's

Tesco

Overview of research

To compile this report, extensive surveys and interviews were conducted with both Tier 1 and Tier 2 banana suppliers, along with their retailers (buyers and human rights teams). The aim was to understand current retailer purchasing practices, how they affect the supply chain, and the extent to which these practices align with ETI's Food Framework.

A combination of survey and interview data was used to:

- Generate purchasing practices scores for each retailer.
- Assess each retailer's current buying decisions, where feedback from Tier 1 and Tier 2 suppliers helped determine whether these decisions are perceived to be responsible.
- Identify connections between retailers' purchasing practices and their impact on suppliers — including how this might subsequently impact the rights and conditions of workers.

Who was surveyed/interviewed?

Suppliers

- Tier 1 and Tier 2 supplier surveys
- Key informant interviews with suppliers across the banana supply chain

Retailers

- Surveys with the buying teams of the 12 retailers involved
- Surveys with retailers' human rights/ethical team
- Key informant interviews with retailer teams

Note on the survey sample from suppliers

A total of 111 survey responses were received from 34 Tier 1 and Tier 2 suppliers. (One supplier can supply multiple retailers, which is why the number of survey responses is higher than the number of suppliers.) The confidentiality of all suppliers has been protected throughout.

The survey covers suppliers, their workers, and their subcontractors and/or growers with a workforce of:

90,898 permanent workers including **31,207** permanent female workers

7,020 temporary workers including **1,841** permanent female workers

A detailed methodology for the survey can be found in the Appendices section.

Interpreting the findings

Important contextual notes to help interpret the findings in this report:

- As there is a pronounced power imbalance between suppliers and retailers, openly reporting issues and harms has the potential to jeopardise commercial relationships or future orders for suppliers. This dynamic seems likely to create strong incentives to underreport or to frame these issues in a more conservative way.

- When suppliers did report severe outcomes — such as job losses, lay-offs, or workers not receiving the full wages they earned — these should be understood as high confidence indicators of serious issues rather than upper limits. In practice, the true prevalence and severity of these harms is likely higher (not lower) given the pressures that might discourage suppliers from disclosing the full extent of worker impacts.

- As with any project, there were constraints to what data could be collected. The insights only reflect issues and harms reported by suppliers and do not include any direct worker testimonies, given how difficult this would have been to achieve. As a result, the findings likely represent a minimum baseline rather than the full extent of harm occurring in plantations and/or pack houses.

Summary of ETI's Food Framework

Below is a summary of ETI's Food Framework. This framework was used to provide the structure against which findings could be analysed from the research and make recommendations of priority areas for improvements.

Principle 1: Internal integration

The purchasing company has top leadership buy-in and commitment to RPPs, and a thorough understanding of existing suppliers and purchasing systems, and their potential impact on human rights. This information is used to develop an action plan. RPPs are integrated into buying and other relevant departments of the business.

Principle 2: Equal partnership

The purchasing company and their suppliers respect each other as equal business partners, engage in respectful sourcing dialogue, and pursue win-win situations, with a shared responsibility to improve working conditions.

Principle 3: Collaborative production planning

Critical path and production planning are done collaboratively between the purchasing company and suppliers, with a fair distribution of risk and accountability.

Principle 4: Fair payment terms

The purchasing company and suppliers agree on fair and transparent payment terms that do not place a disproportionate burden on one party. Contractual obligations are honoured. Payments are made in full and on time.

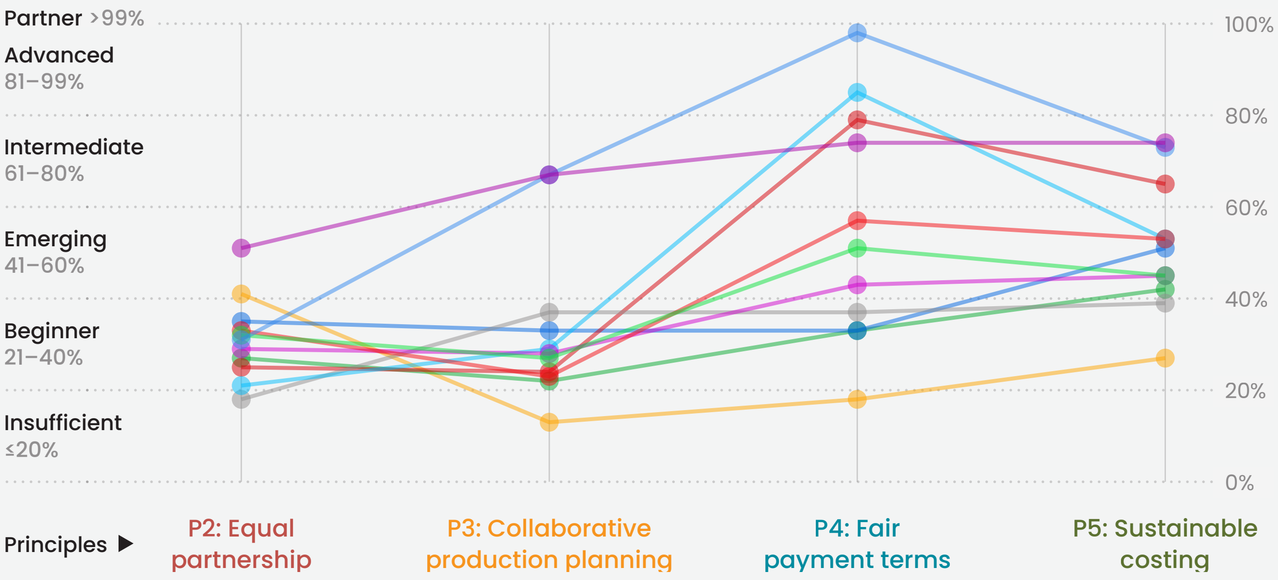
Principle 5: Sustainable costing

The costing levels and procedures of the purchasing company support wage increases and sustainable production. Prices cover all costs of production in line with responsible business conduct and allow for a reasonable and maintained supplier profit margin.

Comparing the supplier experience with the perspective of retailers

Suppliers were asked how they viewed each retailer's performance against the principles of the ETI Food Framework. Meanwhile, retailers were asked how common they perceived specific issues to be across their supply chains. Comparing the results below, the data shows where perspectives align and where they diverge, which helps identify gaps in understanding, implementation, and visibility across the supply chain.

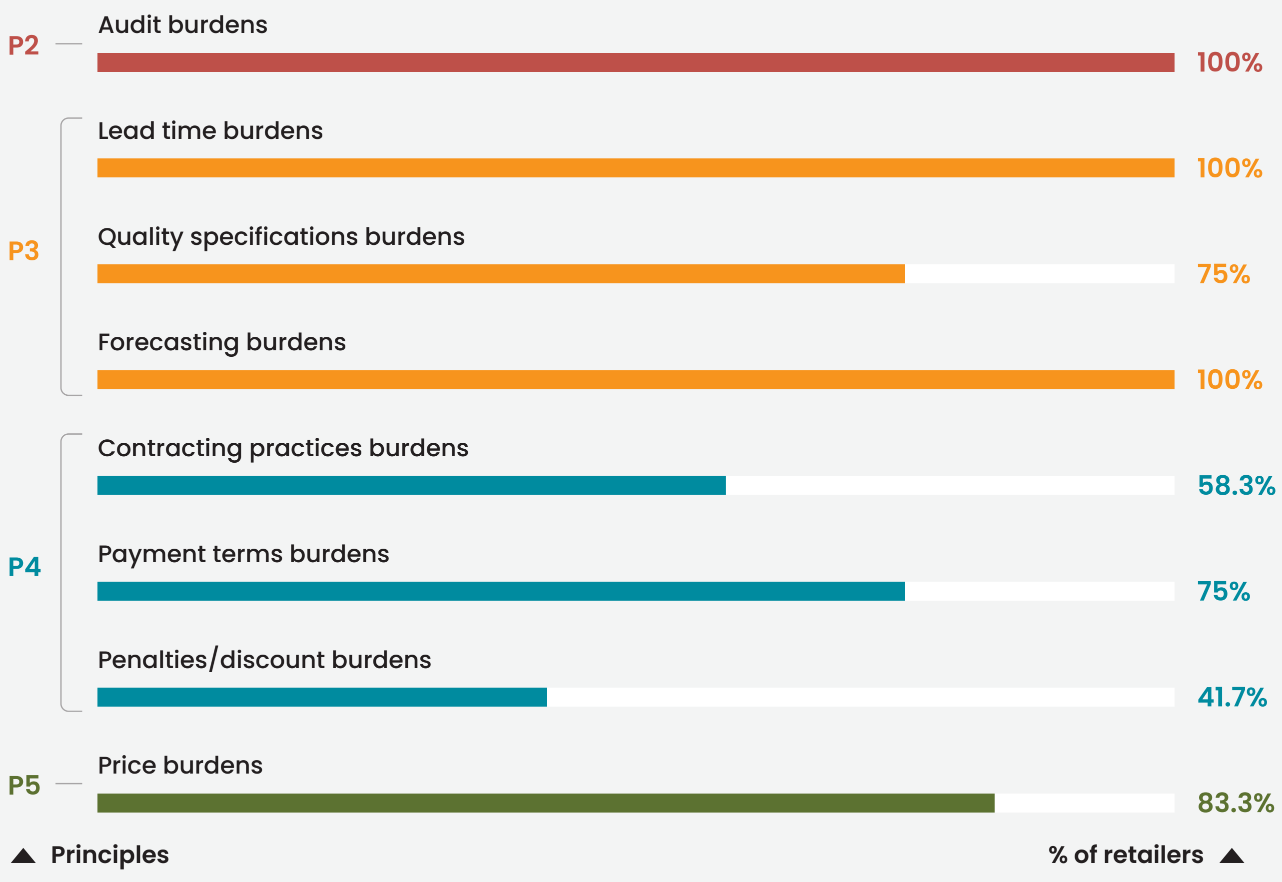
FIGURE 1. **HOW SUPPLIERS SCORED RETAILERS AGAINST PRINCIPLES OF THE ETI FOOD FRAMEWORK**



Across Principles 2 and 3, suppliers scored the majority of retailers that bought from them between **Insufficient** and **Beginner**. For Principle 4, the picture is more varied where most scored between **Beginner** and **Emerging**, while two retailers scored **Advanced**. For Principle 5, most retailers sit between **Beginner** and **Intermediate**. This clearly highlights areas where suppliers think retailers can improve upon. (Note: Principle 1 is not scored given it relates to internal systems and leadership structures which cannot be assessed through supplier surveys.)

While this offers a useful insight into how suppliers rated buyers against the principles of the ETI Food Framework, Figure 2 describes the issues reported by suppliers across the 12 retailers. Here, a value of 100% (on audits, lead-time and forecasting burdens) means that all retailers had at least one supplier reporting an issue. This data demonstrates that the issue is not limited to a single retailer but appears across multiple retailers.

FIGURE 2. HOW COMMON ARE SPECIFIC ISSUES IN RETAILERS' SUPPLY CHAINS?



Comparing Figure 1 and Figure 2 above, the most common reported issues between suppliers and retailers relate to Principle 2 (audit burdens) and Principle 3 (lead time pressures, quality specification challenges, forecasting problems). While less pronounced, Principle 4 and 5 issues (payment term delays, the burden of penalties and discounts, and wider pricing structure concerns) are still evident.

At this point, it is worth noting the possible influence of power dynamics (as discussed in the earlier section: Interpreting the findings). It seems reasonable to assume the Food Framework principles that are easier for suppliers to comment on are likely to receive more critical scoring. Conversely, the more sensitive or commercially risky principles (such as Principles 4 and 5 around pricing) may receive comparatively higher scores given suppliers may exercise some caution when reporting on issues that could affect their commercial relationships.

These findings demonstrate clear gaps in understanding, implementation, and visibility across the supply chain. This is explored later in the report, with a more detailed look at irresponsible purchasing practices for each of the Food Framework Principles, outlining both the prevalence and consequences, to make recommendations on improvements.

Key issues raised by suppliers

The key informant interviews with suppliers revealed some systemic challenges across the banana sector, and highlight broader industry dynamics shaping purchasing practices and labour outcomes. Importantly, these insights reflect suppliers' experiences across all the retailers they supply.

Power dynamics and commercial pressure

Suppliers consistently highlighted the imbalance of power. They noted that the commercial decisions made by retailers strongly shape conditions throughout the supply chain (including for workers). Many suppliers emphasised that although they can theoretically refuse low prices or unfavourable terms, this is rarely feasible in practice given the need to secure sufficient business. Suppliers also described a disconnect between retailers' public sustainability commitments and the commercial pressure experienced during negotiations.

Prices not covering the real cost of production

The findings demonstrate that banana prices often fail to cover the real cost of production (including environmental, social, and labour rights requirements). Suppliers reported that low prices undermine stable margins and force difficult trade offs in their operations. They noted that annual renegotiations frequently fail to account for exchange rate fluctuations, inflation, or rising operational costs. Suppliers also highlighted that European market requirements increasingly exceed local legal standards without any corresponding price adjustments. This places particular strain on smaller producers and threatens long term sector viability.

The burden of certification and audit fatigue

Suppliers identified certification and audit requirements as a major source of frustration (second only to pricing). They emphasised both the financial burden and the administrative and labour demands associated with compliance. They reported a growing accumulation of overlapping standards, expanding audit scopes, and increasing audit days, often without any recognition of its costs. Suppliers also expressed concern that auditors are expected to cover multiple technical areas, reducing audit quality and increasing inefficiencies. In addition, many of the larger Tier 1 suppliers raised significant concerns about Fairtrade related requirements, describing escalating standards, lengthy audits, and a lack of margin for growers and exporters. However, Tier 2 suppliers were more positive about Fairtrade requirements, which many see more as a development tool that brings about stability and meaningful improvements in quality of life.

Divergent technical specifications across markets

Technical specifications vary significantly across markets, with some countries imposing stricter requirements on size, packaging, and presentation. Suppliers noted that these divergent standards increase production costs, generate additional waste, and complicate logistics for those serving multiple destinations. Suppliers also observed that smaller producers and worker organisations are often not consulted in the development or revision of these requirements, which limits the extent to which specifications reflect on the ground realities.

Non negotiable payment terms

Suppliers reported that payment terms are frequently non negotiable and must be accepted in order to maintain commercial relationships, even when they create cash flow challenges or increase financial risk.

Pressures from low retail prices and claims management practices

Suppliers widely expressed that consumer prices for bananas remain artificially low, and that meaningful improvements across the supply chain — including wage increases — will ultimately require higher retail prices. Many suppliers described a persistent tension between the low price strategies of retailers and the rising costs of labour, inputs, and compliance. Suppliers also noted that claims management practices can significantly affect financial stability, with some reporting that claims can eliminate months of revenue and that associated costs are not always shared proportionately.

Living wage commitments

While living wage commitments are welcomed in principle, suppliers reported significant implementation challenges. Although retailers often commit to covering the living wage gap, suppliers noted that in practice they sometimes end up absorbing part of the cost themselves. Both suppliers and retailers highlighted that living wage benchmarks can increasingly influence sourcing decisions, with some suggesting there had been a shift towards countries with smaller or no wage gaps. Suppliers viewed this as disadvantaging producers in higher gap countries and undermining the intention of living wage initiatives. They emphasised that progress on living wages requires stable pricing, long term commitments, and explicit recognition of the costs involved.

Concerns around Fairtrade pricing dynamics and sustainability

Suppliers also raised concerns about Fairtrade pricing dynamics. Many felt that the Fairtrade minimum price more accurately reflects the true cost of producing a banana. However, some reported that while retailers pay the Fairtrade premium for certified volumes, they may simultaneously negotiate lower prices for conventional bananas from the same farm. This can erode margins on conventional volumes and undermine the financial stability that Fairtrade pricing is intended to support. Suppliers also noted that Fairtrade standards continue to expand without adequate price adjustments, creating additional financial and administrative strain.

Note on living wage commitments

The German Retailers Working Group (coordinated by GIZ) and retailer initiatives in Belgium, the Netherlands and the UK (coordinated by IDH) have all committed to promoting living wages in their banana supply chains. Core implementation activities include measuring and verifying wage gaps to provide voluntary financial contributions to farms where wage gaps persist. These voluntary contributions are defined as additional payments linked to a retailer's purchasing volumes and are intended to help close the gap between prevailing wages and living wage benchmarks. Alongside these short term contributions, retailers are also exploring longer term approaches to closing living wage gaps, including strengthening social dialogue on wages within producing countries. More information on retailers' living wage commitments in the banana sector can be found on the German Retailers Working Group and the IDH banana programme websites.

Key findings from retailers

The surveys and interviews conducted with retailers also revealed some key findings, with areas of the interviews in particular relating to Principle 1 and internal processes.

Coordination between buying and sustainability teams differs across retailers

Responses show that buying and sustainability teams are structured very differently across the industry. In some organisations this results in miscommunication or conflicting signals to suppliers, while others benefit from close coordination and shared decision making between the two functions. Retailers acknowledged that internal alignment is essential for ensuring consistent expectations and reducing unintended pressure on suppliers.

Importance of leadership commitment

Leadership commitment is widely viewed by retailers as essential for strengthening internal systems that support more responsible purchasing practices. Respondents noted that without senior backing, improvements are difficult to embed. They highlighted that leadership engagement influences resourcing, collaboration across teams, and the prioritisation of responsible purchasing within commercial decision making.

Long-term supplier relationships may mask underlying pressures

Bananas are generally perceived as a straightforward category, characterised by standardisation and stable, predictable demand. Many retailers highlighted long standing supplier relationships, often spanning decades, which they typically view as positive. However, retailers also recognised that long-term relationships do not automatically translate into responsible purchasing practices and may mask underlying structural pressures.

Variable understanding of supplier challenges

Responses show there is significant variation in how well buying and human rights teams understand supplier challenges. While there is broad agreement on the major areas of concern — particularly audit and certification burdens and pricing pressures — retailers are often less aware of the actual or perceived upstream impacts these pressures create for workers. Some retailers acknowledged that greater visibility into supplier cost structures, labour conditions, and operational constraints would support more informed decision making and help align commercial practices with human rights commitments.

Buyers purchasing practices and recommendations based on the principles of ETI's Food Framework

Principle 2 Equal partnership

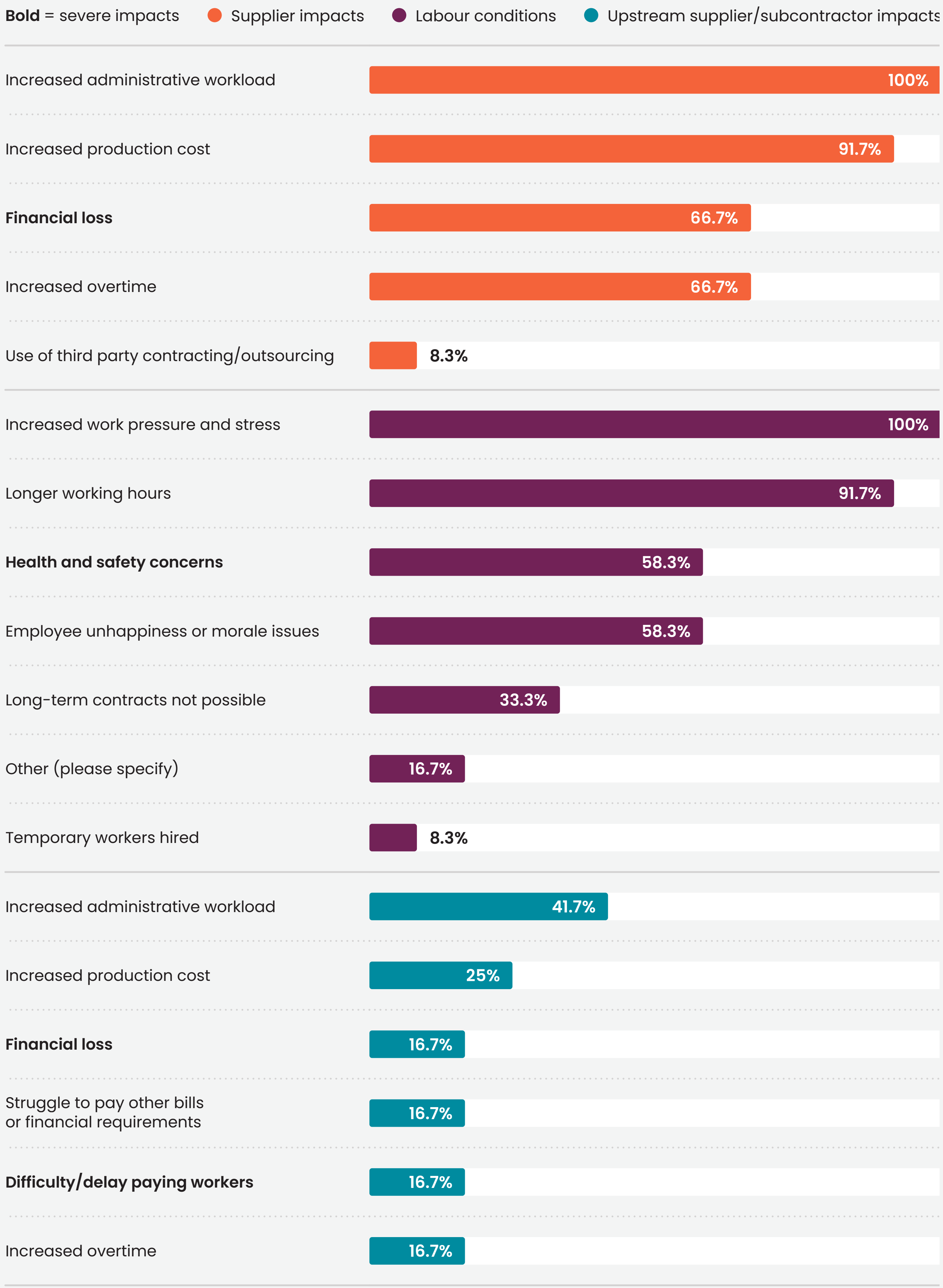
Principle 2 of the Food Framework looks at how current purchasing practices and communication approaches are experienced by suppliers, and how these experiences compare with the perspectives of retailers' buying teams. Analysis considers the consistency of communication, the opportunities suppliers have to provide feedback, and the extent to which suppliers feel supported in meeting compliance and labour expectations. The insights illustrate how partnership dynamics function in practice, and raise the key issues faced by suppliers.

Audit and certification burden

Audit or certification burden came across as the dominant theme shaping how suppliers experience partnership and communication with retailers, with 34 supplier responses out of the 111 (around 31%) indicating that these requirements place pressure on their business. Evidence shows that compliance expectations are perceived to be heavy, resource intensive, and not sufficiently supported, and suppliers in all 12 retailers' supply chains reported audit and certification burdens. Figure 3 below summarises the types of harms to suppliers, workers, and subcontractors or growers as identified by suppliers.

> ***A lot of supermarkets want us to have a lot of different certifications, but when it comes to tenders the main subject is always price…"***
>
> **Supplier 1**

FIGURE 3. **AUDIT AND CERTIFICATION BURDEN ON SUPPLIERS**



What these findings tell us

Figure 3 above shows audit and certification burden to be a significant issue, especially as it is required by all retailers and implemented across the supply chain. It manifests in many ways, creating pressure on suppliers, workers, and subcontractors or growers. Among suppliers who highlighted audit burden as an issue, at least one supplier per retailer experienced increased administrative workload (demonstrated by the 100% figure). At least one supplier in all retailers' supply chains also said that audits/certifications led to increased work pressure/stress.

It is also an area where retailer and supplier perspectives diverge sharply. Retailer buying teams typically view audits as standard compliance requirements, whereas suppliers report considerable operational and financial strain. Out of all retailer buyers replying to the survey, 93.33% disagreed with the statement: *"Our audit and/or certification requirements are too demanding or hard for most of our suppliers to handle."* This contrast shows that buyers perceive audit requirements as manageable and routine, while suppliers experience them as a source of operational and financial strain. This clearly indicates that audit and certification practices warrant closer scrutiny.

93.33% of retailer buyers disagreed with the statement: *"Our audit and/or certification requirements are too demanding or hard for most of our suppliers to handle."* This contrasts sharply with suppliers, who see audit burden as a source of operational and financial strain.

> ***"Even when one of the questions asked us about whether the certifications are a burden for us, what we really mean is that we are asked for many standards that have increased their audit areas and are now looking and asking for the same things. This means more days of audits for each of them, and they cost more. To add to the problem, their auditors can't be experts in all the areas (labour and human rights, environment, occupational health and safety, food safety and sustainability). Before, there was one specific certification body for each of these areas."***
>
> **Supplier 2**

Principle 2 Recommendations

Evidence shows that partnership is shaped as much by the practical demands placed on suppliers as by communication style. Audits and certifications were consistently described as duplicative, resource intensive, and difficult to question, which contributes to a perception gap between suppliers and buyers. Thus, retailers should seek to work on more effective supplier feedback mechanisms (2.5) and make continuous improvement (2.6) by:

Improving audit and certification processes (2.5 → informs 2.6)

- Introduce a **structured way for suppliers to flag duplicative or disproportionate audit requirements**, ensuring concerns can be raised without commercial risk.
- **Review audit processes** to identify where requirements overlap or create unnecessary strain.
- **Increase predictability** by providing clear timelines, documentation expectations, and advance notice of changes.

Strengthening supplier feedback channels (2.5)

- **Create a low burden mechanism** for suppliers to explain how audits, timelines, or other requirements affect their operations.
- **Integrate supplier feedback** into internal planning and compliance reviews, ensuring operational impacts inform adjustments.
- **Demonstrate responsiveness** by communicating back to suppliers how their input has shaped improvements.

Improving communication consistency and predictability (2.5)

- **Ensure communication is timely, solution oriented, and consistent** across teams, reducing conflicting messages.
- **Provide clear escalation routes** so suppliers can raise operational challenges without commercial risk.
- **Share decisions and changes early**, allowing suppliers sufficient time to plan.

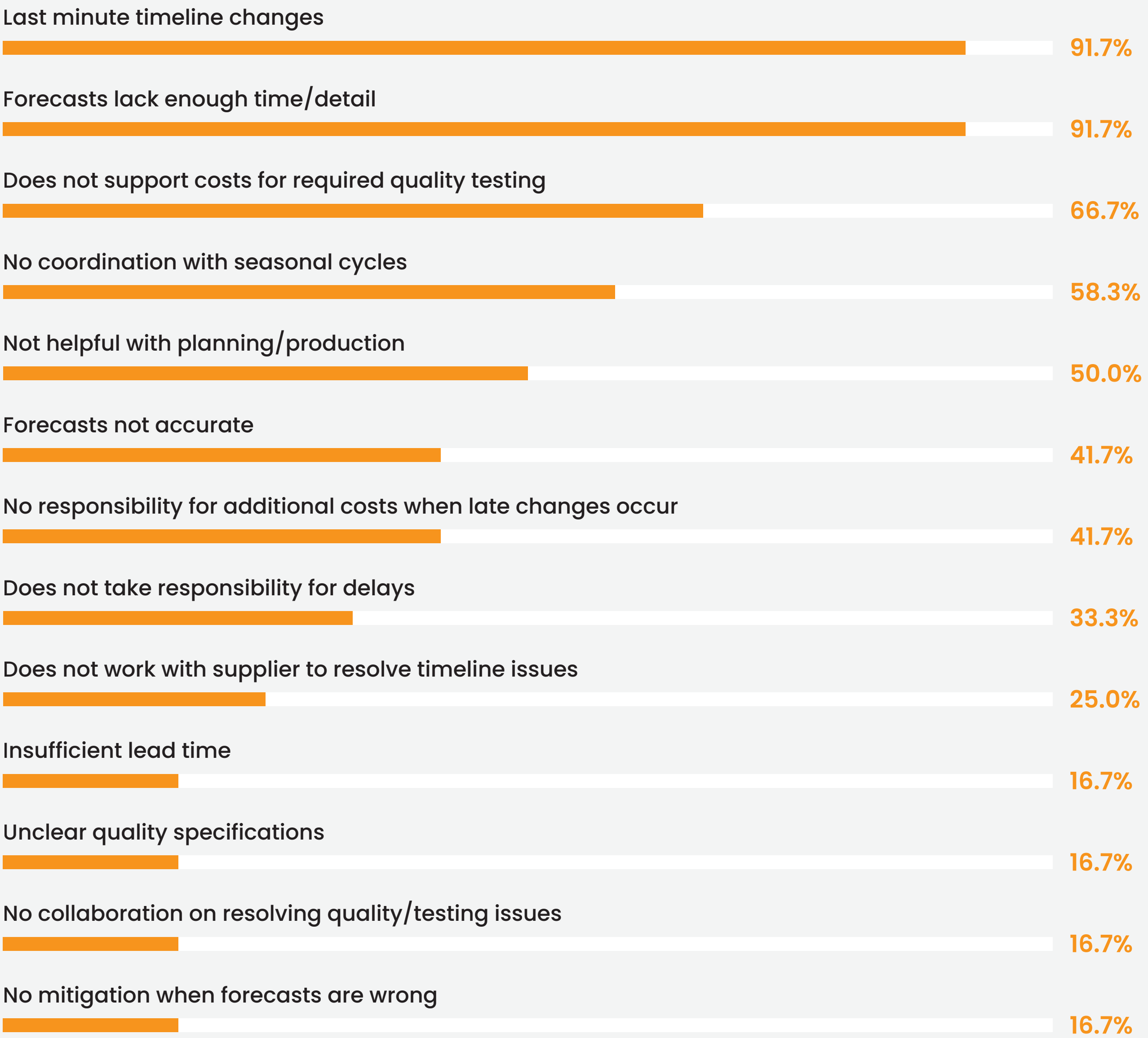
Embedding continuous improvement (2.6)

- **Track recurring issues** raised by suppliers (such as audit duplication, last minute requests, unclear requirements).
- **Use this data to adjust internal processes**, ensuring expectations remain proportionate and manageable.
- **Review progress regularly** to ensure improvements are sustained over time.

Principle 3 Collaborative production planning

Food Framework Principle 3 examines how retailers coordinate production planning with their suppliers. This includes areas such as forecasting, lead times, quality specifications, and changes during the production cycle. For this assessment, suppliers were asked whether they had experienced specific production planning issues with any of the retailers they supply. The results are shown in Figure 4, which identifies the most common planning practices along with how often each behaviour occurred across the 12 retailers.

FIGURE 4. **IRRESPONSIBLE PURCHASING BEHAVIOURS UNDER PRINCIPLE 3**



Figures 5, 6 and 7 below then summarise the impacts linked to these behaviours for suppliers, workers, and subcontractors or growers. (Bolded impacts indicate Category 5 harms, which are the most serious impacts identified in the assessment.)

FIGURE 5. IMPACTS OF LEAD TIME BURDENS ON SUPPLIERS

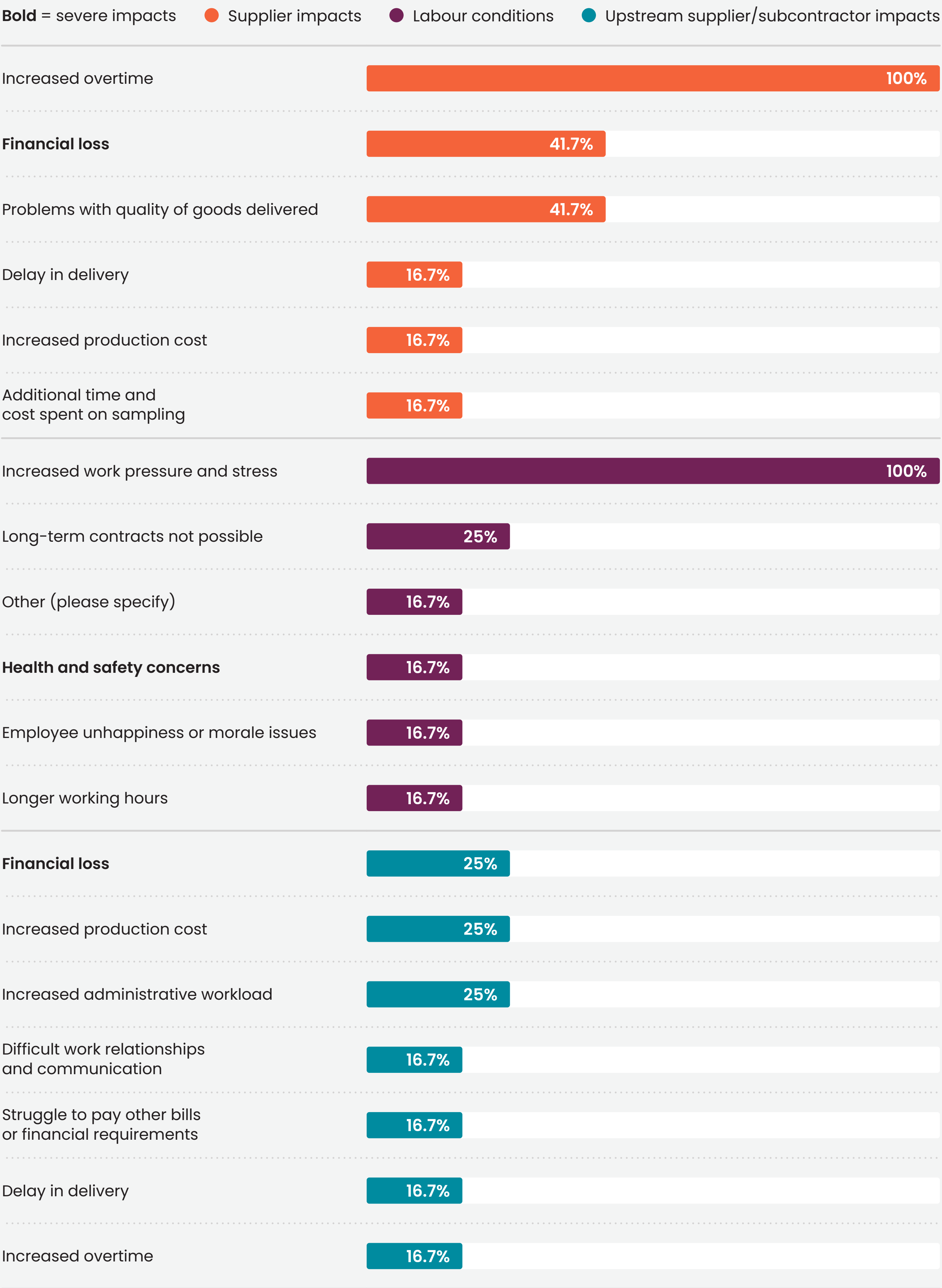


FIGURE 6. IMPACT OF FORECASTING ISSUES ON SUPPLY CHAIN

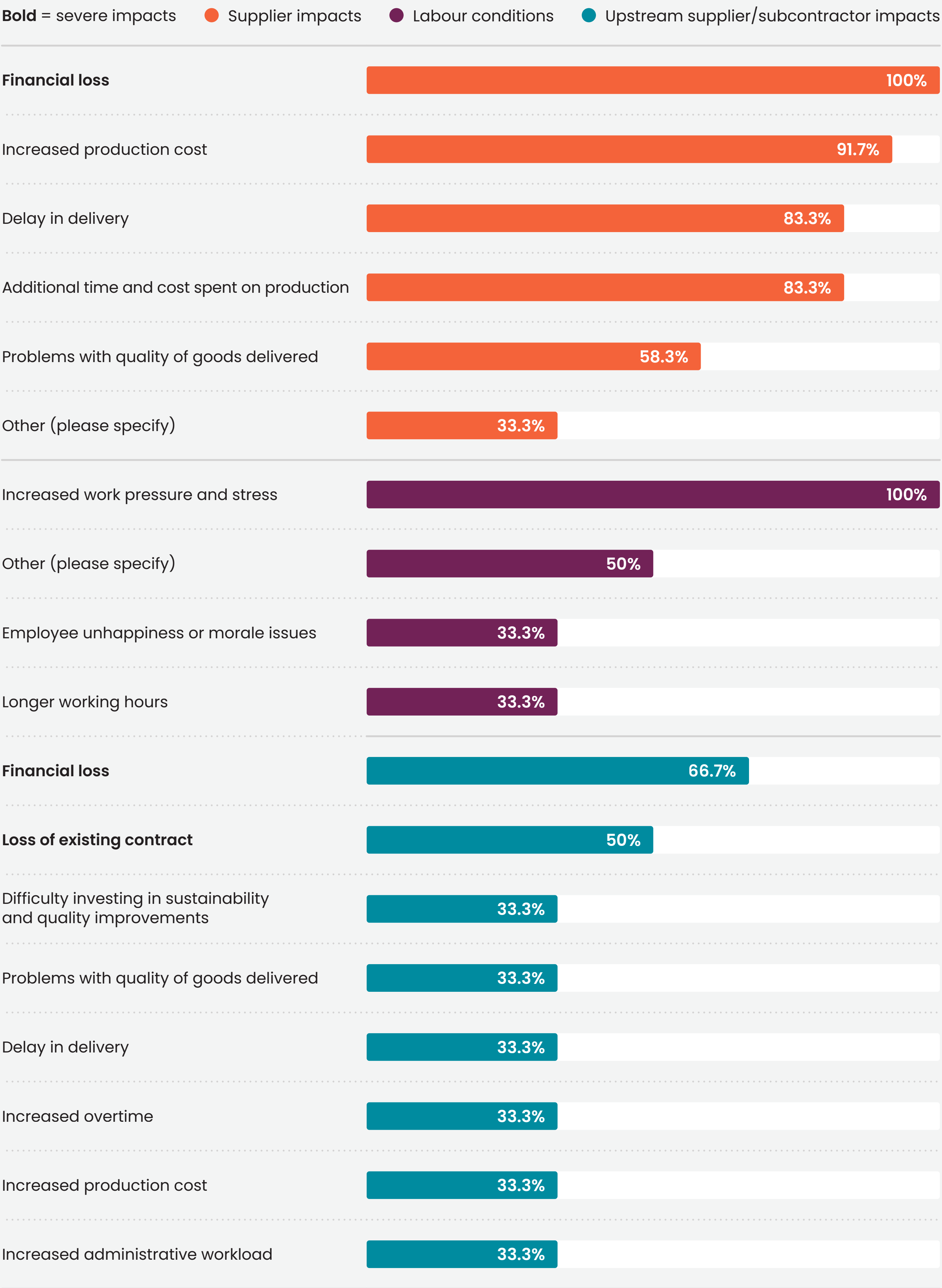
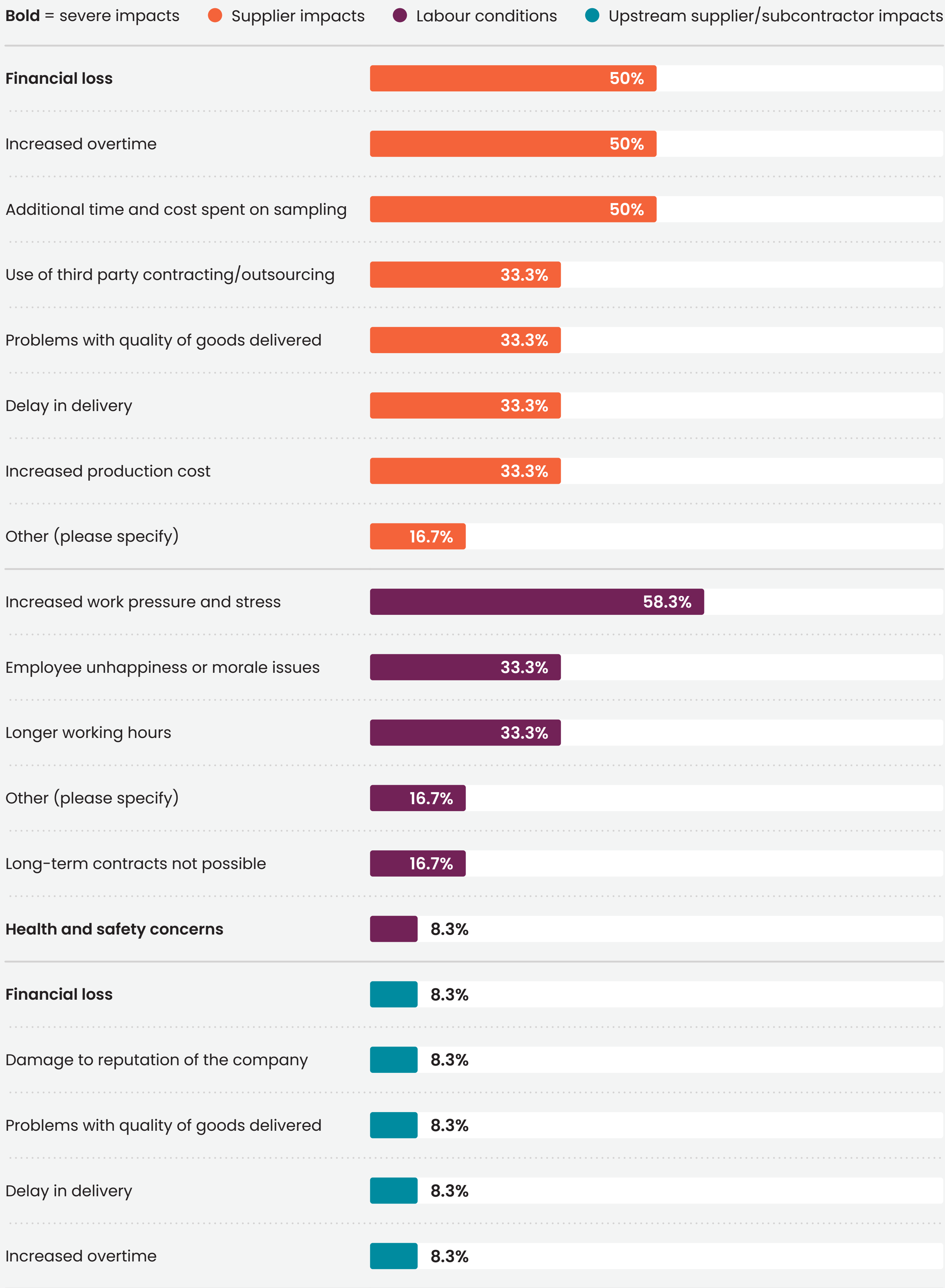


FIGURE 7. IMPACTS OF TECHNICAL SPECIFICATION ISSUES ON SUPPLY CHAIN



What these findings tell us

The data shows that production planning issues are not minor operational adjustments. They are in fact cost generating events that create significant pressure across suppliers, workers, and subcontractors or growers. The most widespread behaviours, such as last minute timeline changes and forecasts lacking sufficient time or detail (over 90% of retailers), consistently lead to overtime, increased production costs, quality problems, and delivery delays.

These impacts cascade into worker stress, longer hours, morale issues, and health and safety concerns, and extend further into subcontractor networks through increased administrative workload, higher production costs, and financial strain.

The data shows a clear gap between how retailers think planning works, and how suppliers experience it in practice – with production planning a major source of pressure across the supply chain.

Although these planning failures show to have substantial consequences, they are often treated in retailers' operations as routine or flexible areas where changes can be made quickly. The supplier data demonstrates that this flexibility is not cost neutral. Even shifts in timelines, specifications, or forecasts can trigger a chain of operational and financial impacts that suppliers must absorb.

A comparison with retailer buyer self assessments highlights a clear perception gap. Buyers overwhelmingly report that they:

Stick to agreed timelines (100%)

Avoid last minute changes (93%)

Provide sufficient lead time (100%)

Collaborate to resolve timing issues (100%)

Take responsibility for delays (100%)

Buyers report that they provide clear specifications, accurate forecasts, and good collaboration on planning, whereas suppliers report frequent issues in these same areas. This highlights a clear gap between how buyers think planning works and how suppliers experience it in practice.

Findings also show that production planning is a major source of pressure across the supply chain. These issues occur across most retailers and lead to a wide range of operational and financial impacts. This makes Principle 3 an important area for further attention, especially because planning problems can intensify the effects of other purchasing practices.

"As growers, what we would like to see is a fair price paid by all supermarkets in Europe. We need a price level that allows for a more stable and sustainable industry in the supplier countries.

The current price of bananas is far too low. As result, small farmers are increasingly unable to cope with rising operational costs, labour expenses, environmental compliance requirements and the ever-higher quality and sustainability standards demanded by Europe, most of the time superseding the local laws of the producer country; all while receiving the same or even lower prices.

Europe continues to demand more and more in terms of environmental practices, labour conditions and quality standards, yet consistently refuses to pay the additional amounts necessary to enable farms to meet these growing expectations and maintain viable operations. This imbalance threatens the long-term future of banana production in supplier countries and undermines the very progress that European buyers say they want to support. Thank you for the opportunity to share our perspective."

Supplier 3

Principle 3 Recommendations

Evidence shows that production planning challenges are systemic, with last minute timeline changes, limited forecasting detail, and shifting specifications emerging as the most frequent issues. Retailers must therefore ensure fair risk distribution (3.5), more effective supplier feedback mechanisms (2.5), and continuous improvement (2.6) through:

Reducing last minute timeline changes (3.1)

- **Review internal decision pathways** to identify where late changes originate and how they can be prevented.
- **Use supplier input** to refine planning processes and identify recurring bottlenecks.
- **Assess operational and worker impacts** when changes are unavoidable, and share associated costs where appropriate to support fair risk distribution.

Strengthening forecasting accuracy and detail (3.4)

- **Provide clearer forecasting assumptions** and update them regularly as market conditions shift.
- **Engage suppliers in forecasting reviews** to ensure planned volumes and timelines reflect operational realities.
- **Increase the level of detail in forecasts** to reduce downstream disruptions and overtime pressures.

Improving specification stability and clarity (3.1, 3.2 & 3.3)

- **Confirm feasibility and completeness** of specifications early, before production begins.
- **Minimise mid cycle specification changes**, and where changes are necessary, align timelines and communicate impacts clearly.
- **Track the frequency and causes of specification changes** to identify internal process improvements.

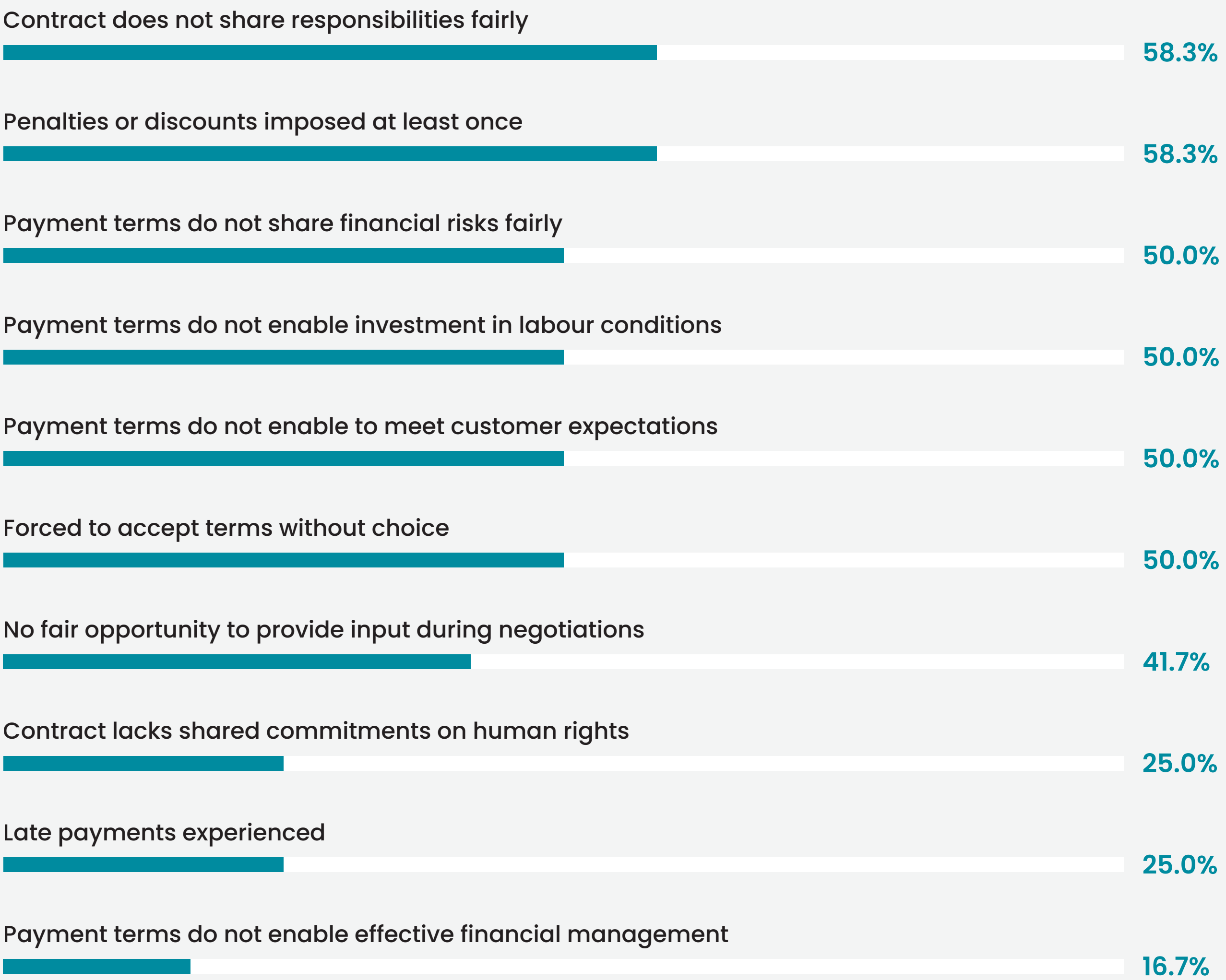
Embedding structured supplier feedback into planning cycles (2.5 & 2.6)

- **Introduce a low burden mechanism** for suppliers to report planning related challenges.
- **Integrate this feedback into planning reviews**, ensuring that supplier experience informs continuous improvement.
- **Use feedback trends** to identify systemic issues and adjust internal processes accordingly.

Principle 4 Fair payment terms

Principle 4 examines how retailers' contracting practices and payment terms affect suppliers, workers, and subcontractors or growers. Suppliers were asked whether they had experienced specific contracting or payment related issues with any of the retailers they supply. Figure 8 illustrates how widespread each issue was and identifies the most common contracting and payment issues across the group of retailers.

FIGURE 8. **IRRESPONSIBLE PURCHASING BEHAVIOURS UNDER PRINCIPLE 4**



Figures 9, 10 and 11 below highlight the regular impacts these behaviours create for suppliers, workers, and subcontractors or growers (where an asterisks indicates Category 5 harms, signalling the most severe consequences).

FIGURE 9. IMPACTS OF CONTRACT TERMS ISSUES ON SUPPLY CHAIN

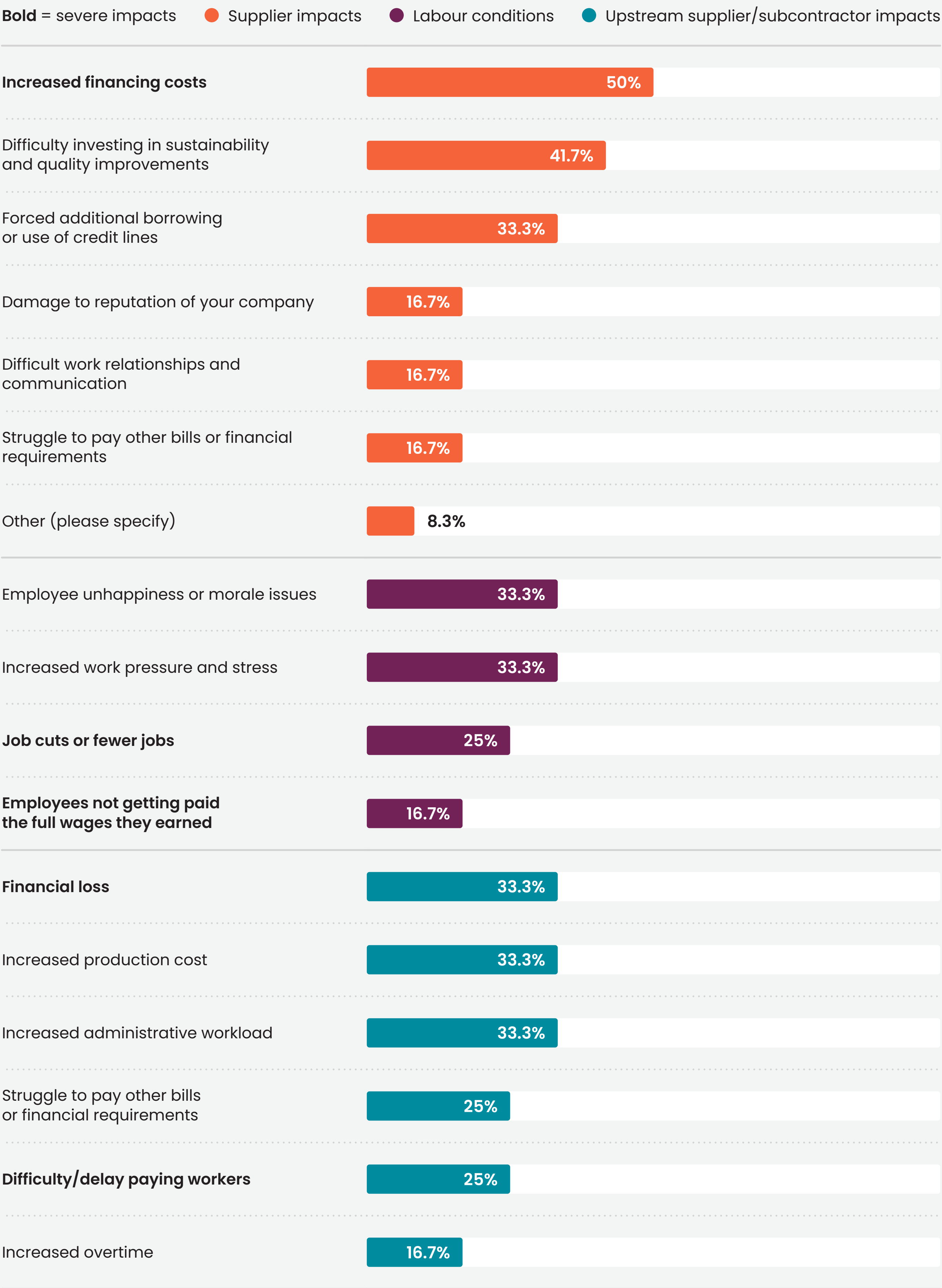


FIGURE 10. IMPACTS OF CURRENT PAYMENT TERMS ON SUPPLY CHAIN

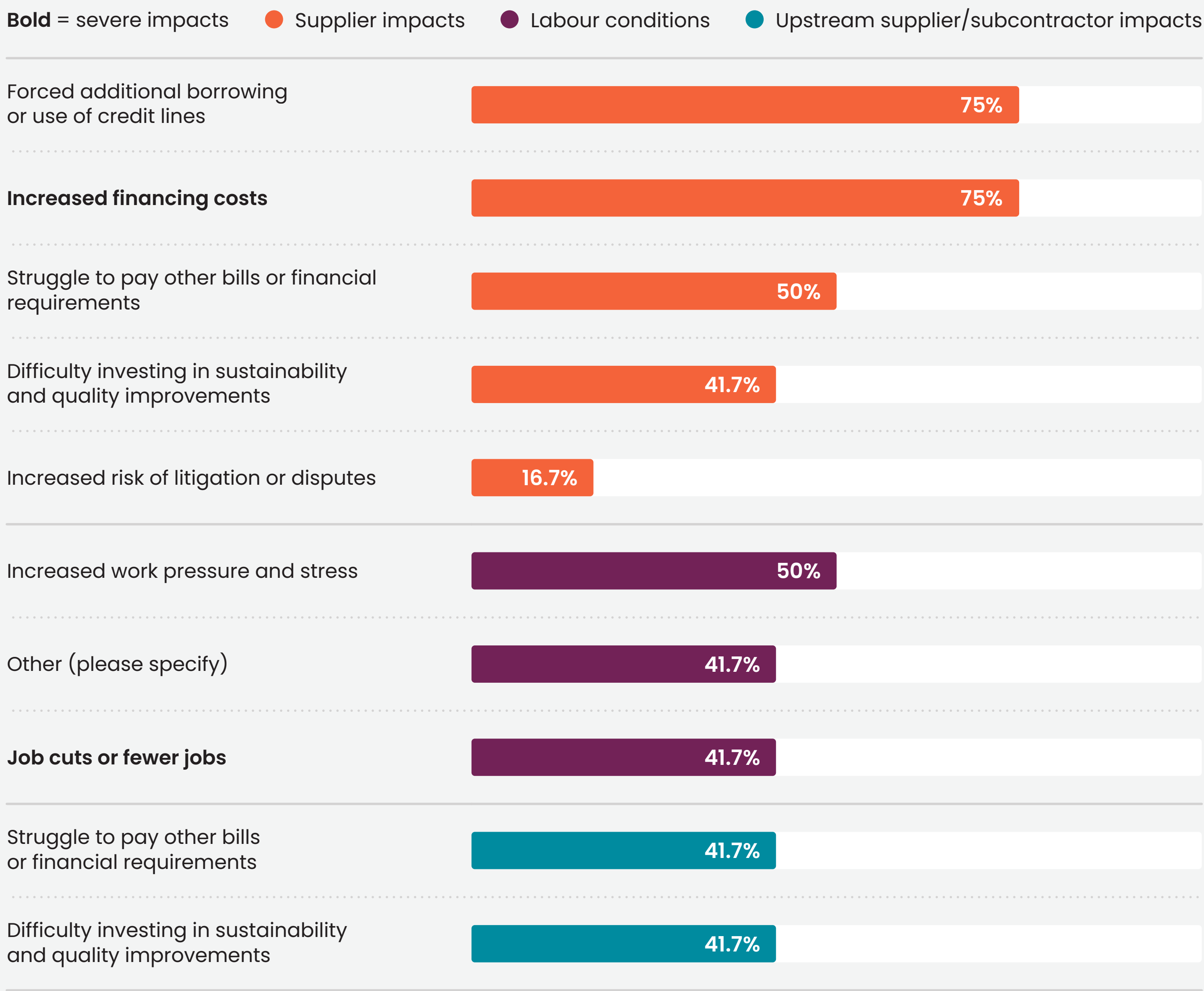
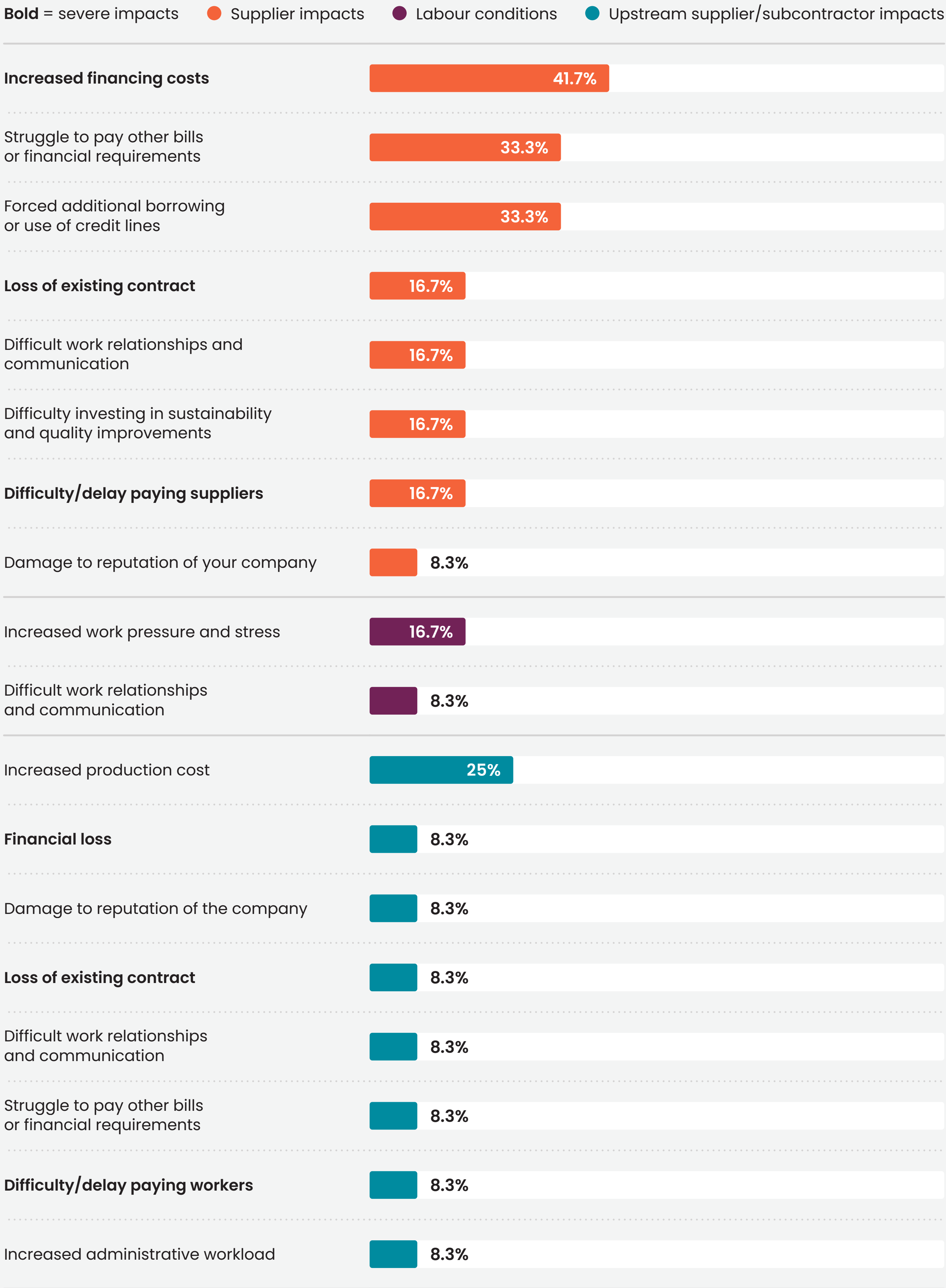


FIGURE 11. IMPACTS OF PENALTIES AND DISCOUNTS ON SUPPLY CHAIN



What these findings tell us

The data shows that payment terms and contracting practices are considered a significant source of financial pressure across the supply chain. Long payment timelines, penalties, and one sided contracting arrangements are associated with impacts such as forced borrowing, increased financing costs, difficulty paying workers, and financial loss.

However, buyer responses present a very different picture. This contrast is set out below:

Retailers report that...	While suppliers report...
they do not force suppliers to accept terms (100%) contracts share responsibilities fairly (100%) suppliers clearly understand terms before signing (100%) payment terms enable suppliers to manage finances effectively (100%) payment terms support suppliers in meeting expectations (100%) suppliers only begin work after fair terms are agreed (93%) payment terms support supplier financial stability (93%)	payment terms that do not share financial risks fairly payment terms that limit investment in labour conditions penalties and discounts are imposed difficulty paying workers or subcontractors forced borrowing and increased financing costs financial loss

Buyers also report that penalties are rarely used (73% say “never”), that late payments are uncommon (80% say there were none in the past 12 months), and that when late payments do occur, they are attributed to documentation or system issues rather than retailer cash flow. Taken together, these responses indicate that buyers generally view their contracting and payment practices as functioning well.

Retailers generally view their contracting and payment practices as functioning well, describing their payment terms as fair, supportive, and well understood. Again, the response from suppliers point to a different experience, where payment terms are a source of financial strain.

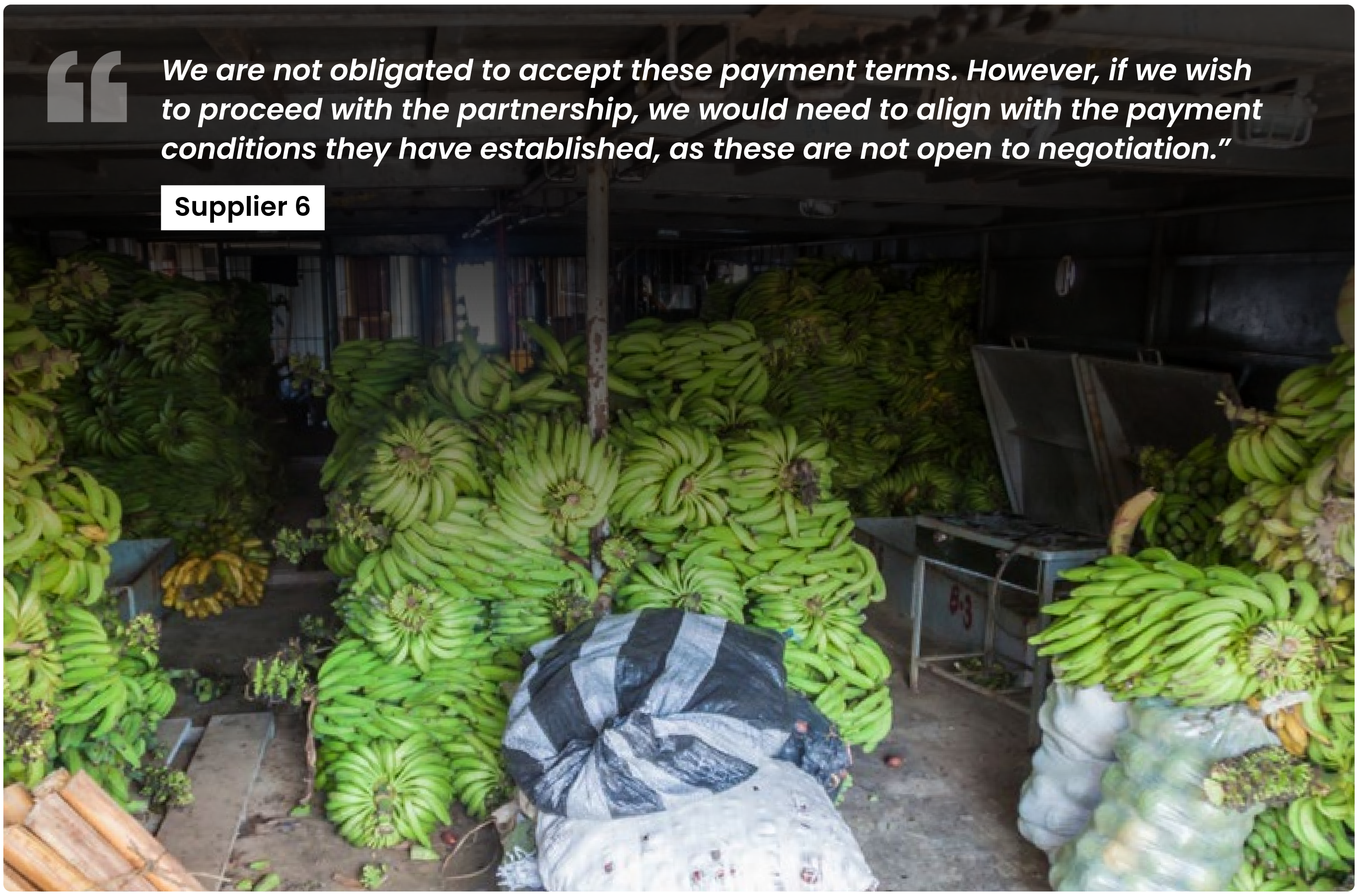
While buyers describe their payment terms as fair, supportive, and well understood, the supplier responses above point to a different experience. Once again, there is a clear perception gap, with the contrast indicating that while buyers view their payment terms as commercially standard, suppliers experience them as a source of financial strain.

> *Contracts are renegotiated annually, based on market conditions. In some years, retailers exert significant pressure on prices, making it impossible to cover all cost variations. This jeopardises business margins and sustainability. Our clients are affected by these negotiations with their customers, the supermarkets."*
>
> **Supplier 4**

Power dynamics are also likely to play a role in the results. Payment terms and contracting conditions are central to commercial negotiations, where suppliers often have limited leverage. All buyers state that they do not force suppliers to accept terms. However, suppliers report that for 50% of retailers, at least one supplier had to accept terms without choice.

Data from retailers also shows limited visibility into payment practices further down the chain. Among buyers who use agents or intermediaries, only a minority report having clear processes to ensure timely payment, and many are unsure whether fair terms are applied.

These findings indicate that payment terms and contracting practices are a key source of financial pressure for suppliers. These issues are linked to some of the severe harms (Category 5) reported, occur across many retailers, and reveal a notable gap between how buyers and suppliers view these practices. This also makes Principle 4 an important area for further attention, particularly given the link between financial pressure and worker outcomes such as wage delays, job cuts, and reduced investment in labour conditions.



> *We are not obligated to accept these payment terms. However, if we wish to proceed with the partnership, we would need to align with the payment conditions they have established, as these are not open to negotiation."*
>
> **Supplier 6**

Principle 4 Recommendations

OVERALL PROBLEM	RECOMMENDATIONS
Suppliers say that contracting and payment terms are a major source of financial pressure, with long payment timelines, penalties, and limited room to negotiate creating strain across suppliers, workers, and subcontractors. Retailers must find ways to strengthen alignment with the Common Framework for RPP in Manufacturing Industries under Responsible Negotiation of Contractual Assurances (4.1) and Mutual Contractual Responsibilities (4.2) by:	▸ **Adopting contract language** that ensures suppliers have a genuine opportunity to negotiate terms, drawing on the Responsible Contracting Project's Model Contract Clauses. ▸ **Clarifying the allocation of responsibilities** in contracts to avoid one sided transfer of risk. ▸ **Avoiding take it or leave it contracting**, including last minute terms or unilateral changes.
Current payment timelines often create cash flow pressure, limit investment in labour conditions, and in some cases lead to borrowing or delayed wage payments. Retailers must provide on time payment, fair financial commitment, and no retrospective changes (Principles 4.1–4.3) through:	▸ **Shortening payment timelines**, particularly for smaller suppliers or those operating in high risk contexts. ▸ **Using deposits or pre financing** where appropriate to support cash flow stability. ▸ Ensuring that **any changes** to agreed terms **are communicated in advance** and mutually agreed.
Penalties is another area where suppliers experience unpredictability. Retailers should make efforts to only impose proportionate and evidence based penalties (4.4) and track and address root causes (4.5) by:	▸ Ensuring **penalties are proportionate, transparent, and based on clear evidence**, with suppliers given the opportunity to respond. ▸ Monitoring the **frequency and causes of penalties** and **address systemic issues** within purchasing practices that contribute to them.
Suppliers also highlighted the need for visibility and fairness in payment practices across intermediaries and supply chain tiers. Retailers should look at fairness across tiers (4.6) by:	▸ **Increasing oversight of intermediaries** to ensure payment terms and penalties applied downstream are consistent with agreed standards. ▸ **Requiring transparency on payment timelines and deductions** across all tiers involved in fulfilling orders.

Principle 5 Sustainable costing

This principle examines how pricing practices influence the ability of suppliers to meet labour and environmental standards, and how these experiences compare with the retailer buying team's perspectives. The analysis considers whether prices cover production costs, how pricing decisions impact financial and labour conditions, and the extent to which pricing supports long-term sustainability across the supply chain.

FIGURE 12. **IRRESPONSIBLE PURCHASING BEHAVIOURS UNDER PRINCIPLE 5**

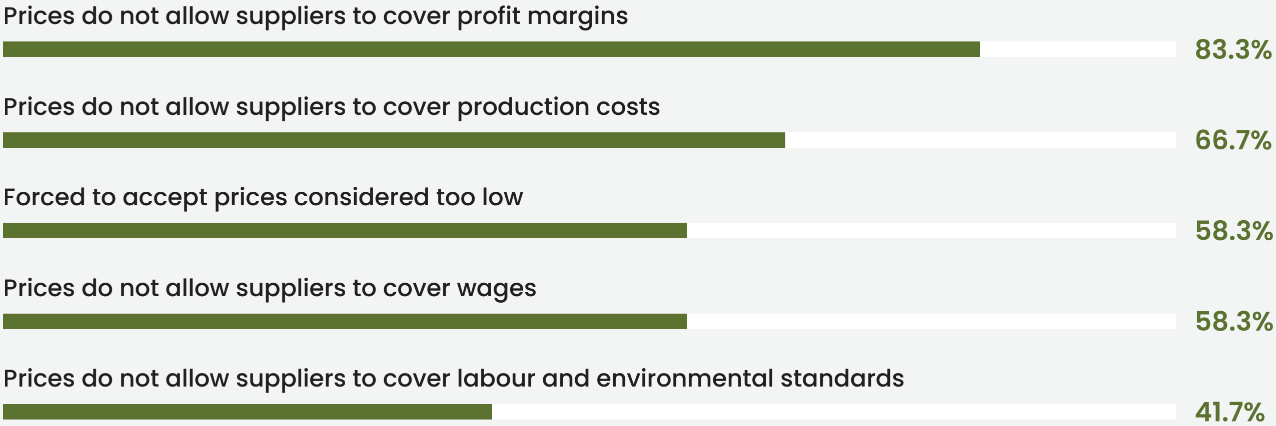


Figure 12 above shows the prevalence of pricing practices that suppliers identify as unsustainable, while Figure 13 below highlights what these behaviours lead to, and the most common impacts on suppliers, workers, and subcontractors or growers.

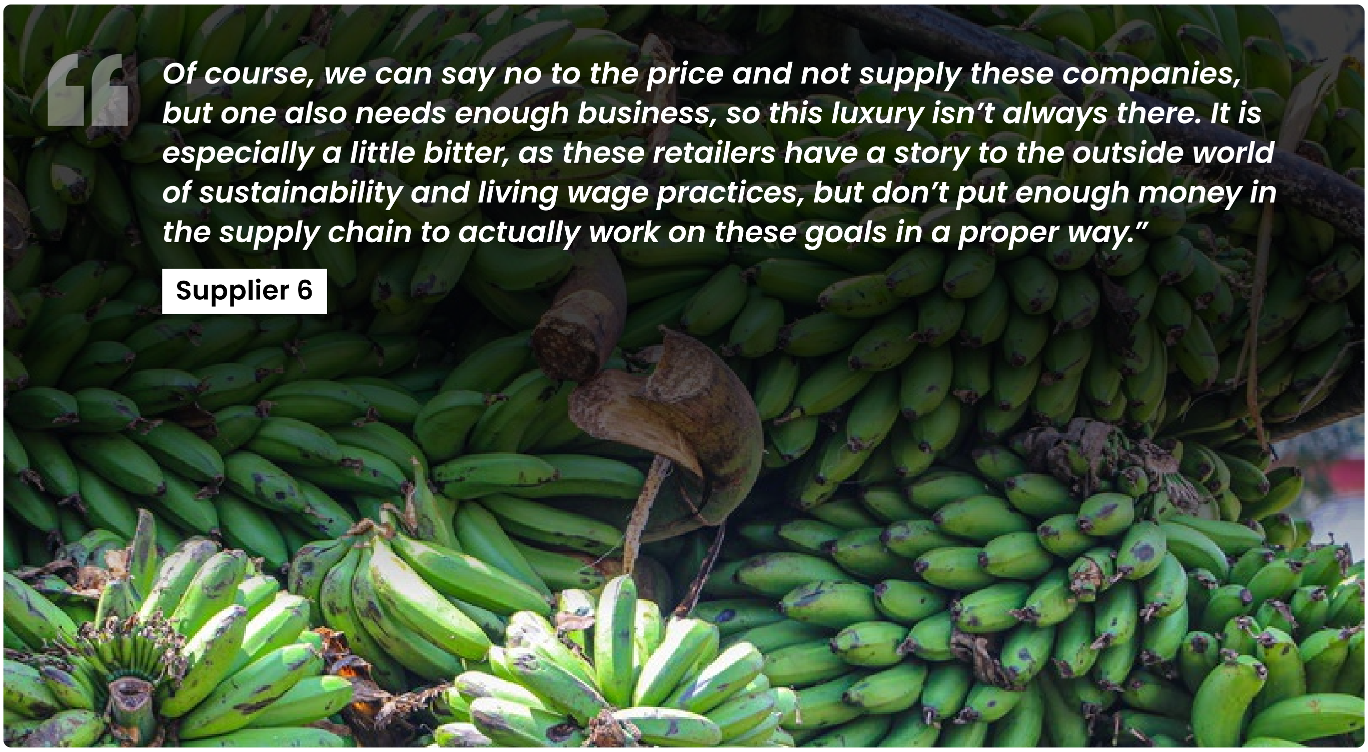
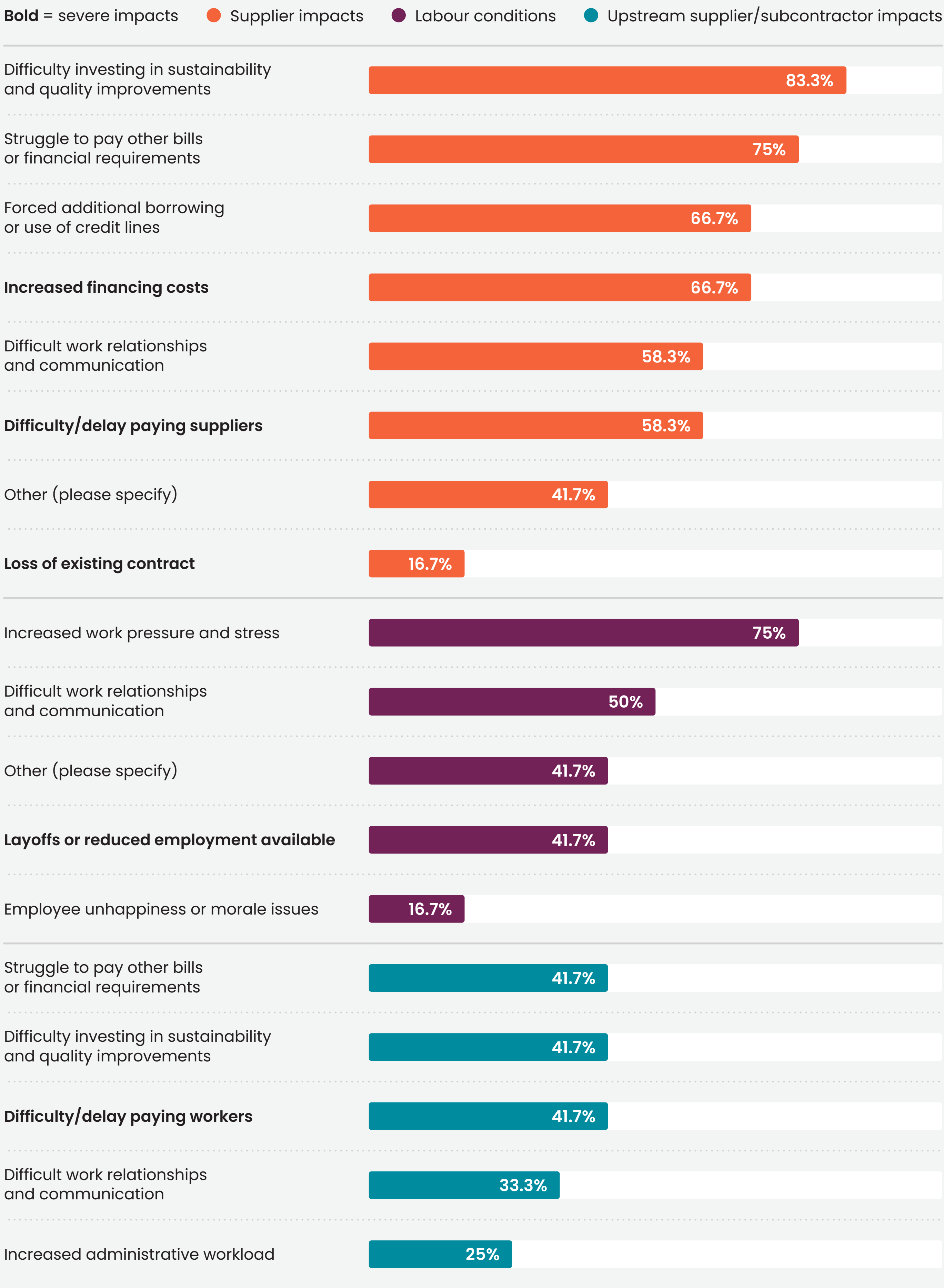


FIGURE 13. IMPACTS OF CURRENT PRICING STRUCTURES ON SUPPLY CHAIN



What these findings tell us

Figure 13 illustrates that pricing practices are a major driver of financial pressure across the supply chain. For half or more of the retailers, at least one supplier reported that prices did not allow them to cover profit margins (83.3%), production costs (66.7%), or wages (58.3%). Over half of the retailers also had at least one supplier who felt forced to accept prices they considered too low (58.3%). These findings indicate that unsustainable pricing is not limited to isolated cases but is in fact widespread across the group of retailers.

The upstream effects are that all the retailers had suppliers who couldn't invest in sustainability improvements, while the practices of 66.7% of the retailers forced additional financing costs. For 75% of retailers, this caused widespread increased pressure and stress on workers, while a sizeable group of their subcontractors had difficulty paying workers on time (41% of all retailers).

Retailers' responses present a contrasting picture, where buyers reported that:

- They work with suppliers to identify solutions when target prices cannot be met (100%), for example by adjusting timelines or offering support.
- They engage suppliers on wage gaps and living wage discussions (100%).
- They consider whether pricing may affect working conditions (66.7%).
- Price reductions after a purchase order are rare.
- Supplier requests for price increases are handled fairly, with most buyers stating outcomes were mutually agreed.

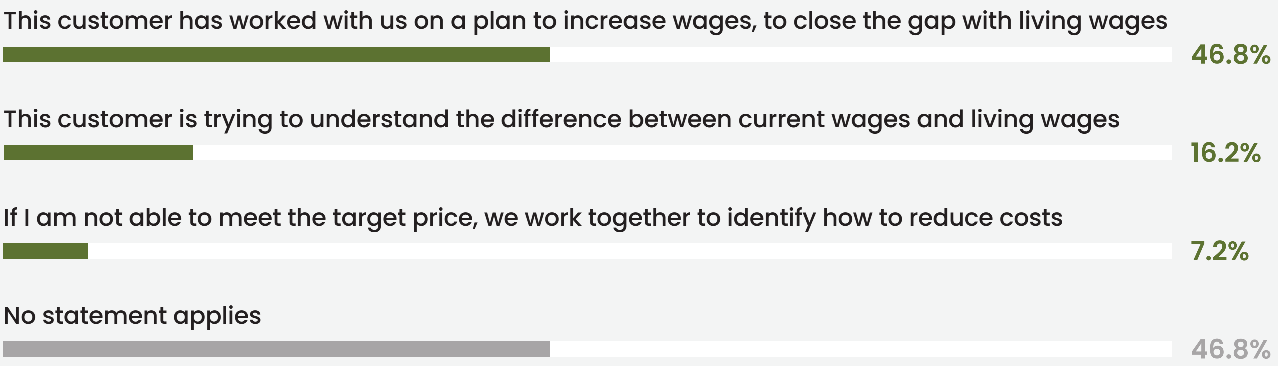
Overall, buyers view their pricing practices as collaborative, responsible, and aligned with sustainability objectives.

Living wages

All retailers included in the assessment have made commitments to progress towards living wages through the working groups and initiatives they participate in. Buyer responses reflect strong confidence in their engagement on wage issues, including understanding wage gaps, supporting wage improvement plans, and considering whether pricing affects working conditions. Many retailers have reported contributing financially to closing living wage gaps, through voluntary contributions and, where relevant, through Fairtrade mechanisms.

Supplier responses present a more mixed picture, however. Figure 14 below highlights the suppliers' experience on engaging with retailers around wages.

FIGURE 14. **HOW SUPPLIERS EXPERIENCE ENGAGEMENT FROM BUYERS ON WAGES**



While almost half of suppliers said that buyers had worked with them on a plan to increase wages, an equally large share reported no engagement on wages, indicating no wage related engagement at all. This suggests that although some suppliers do experience constructive collaboration on wage improvement, this is far from consistent across the supply base. The contrast between buyer confidence and supplier experience highlights a clear perception gap, and indicates that, from the suppliers' perspective, current pricing practices do not always support progress toward living wages.

The idea to close the living wage gaps for banana workers is brilliant. Nevertheless, we see that in reality very UNFAIR practices exist in this same group of supermarkets that made the commitments to close the wage gaps. Now the gaps of all countries are mapped; in our banana industry it is known overall which country meets the gap and which country has small or big gaps. We see several supermarkets switching banana suppliers who have gaps to new suppliers in countries that have no gap, to be able to market to consumers and competitors that their supplier base is 100% compliant with living wage.

This is a sad REALITY and means your tool (living wage calculator) is being used to discriminate against the weakest parts of the chain that your manual mapped out. This is exactly the opposite of what should happen. Retailers are walking away from countries who have a GAP, turning their back against the most vulnerable countries and workers. Because in the end the supermarkets compete amongst each other and want to have the most competitive prices in their stores. Still, very sad to see banana prices in stores all around the world do not reflect increasing labour and production costs of the last decade. You are forcing growers to close the living wage gaps, but in the end who are we fooling if retail prices do not reflect these increases? Only the biggest ones with the biggest pockets will survive this model. Is that the goal?"

Supplier 7

Suppliers less likely to be open about Principles 4 and 5

Suppliers are likely to be more cautious when raising issues under Principles 4 and 5 because these areas involve the most commercially sensitive and severe impacts. Speaking openly about unfair contracting terms, payment practices, or wage related decisions can feel risky in a context where retailers hold significant power over future business. Acknowledging that these practices harm workers is especially sensitive, as it can put suppliers in a vulnerable position. As a result, suppliers may under report problems in these areas, meaning the harms captured here likely represent only part of the actual picture.

Trade union influence

To understand the role of trade unions in a supplier's operations, suppliers described whether unions or worker representatives were present, the issues they engaged on, and the degree of retailers' support for involving them in discussions on wages and working conditions. Figure 15 (below) shows that workers in around half of the suppliers were either partially or mostly unionised. Among those suppliers without unions, almost all reported having elected worker representatives in place, indicating that some form of worker representation exists across the majority of sites.

FIGURE 15. **TRADE UNION REPRESENTATION IN SUPPLIER PRODUCTION UNITS**

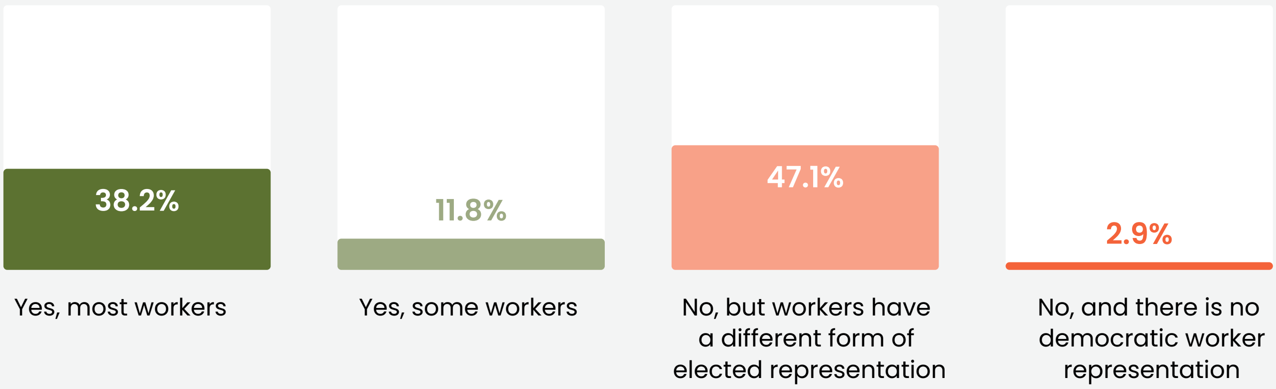
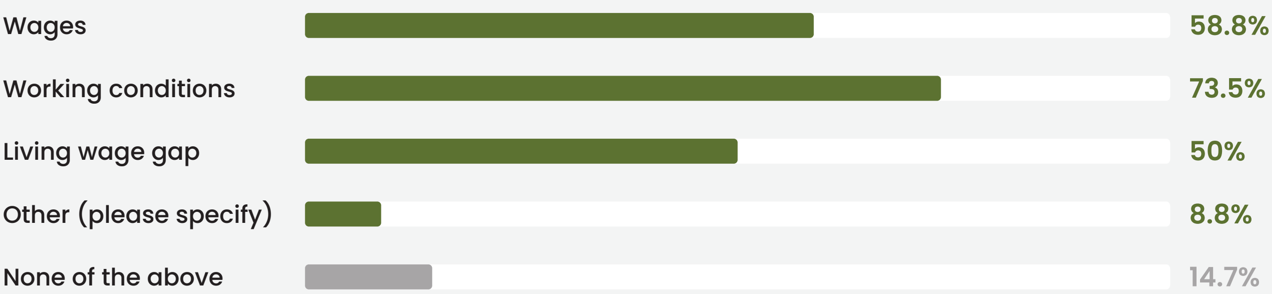


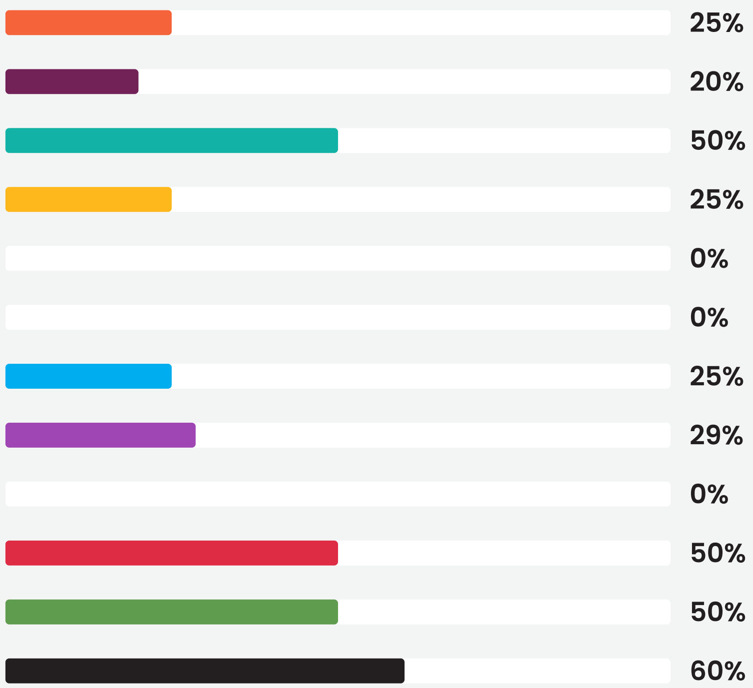
Figure 16 demonstrates that engagement with unions or worker representatives is widespread. Most suppliers reported involving retailers in discussions on working conditions, wages, and the living wage gap. Only 14.7% reported no engagement at all, and because this figure includes suppliers without unions or worker committees, it indicates that around 12% of suppliers with worker representation still do not involve retailers in workplace or wage related issues.

FIGURE 16. **ENGAGEMENT WITH TRADE UNIONS**



Suppliers were also asked whether any of their retailer customers encouraged or supported engagement with trade unions or worker representatives. Of the 34 suppliers, 13 reported that at least one of their retailers had encouraged or supported them in some way on wages or working conditions. Across the 12 retailers, nine (75%) had at least one Tier 1 supplier who felt supported in this way. However, this headline figure obscures the broader pattern, which is that most suppliers did not feel supported, and several retailers had no suppliers who felt encouraged to involve unions or worker committees.

FIGURE 17. SUPPLIER REPORTED RETAILER SUPPORT FOR UNION ENGAGEMENT



Suppliers indicate that they operate within a commercial environment characterised by financial and operational pressures, including audit requirements, production planning issues, contract and payment terms, and issues with pricing structures. Separately, many suppliers also report that they do not feel supported by their retailer customers to involve trade unions or worker representatives. These findings show that worker representation is taking place in a commercial environment where suppliers are managing financial and operational strain.

In this environment, engagement on wage gaps or working conditions is not always consistent, even where representation structures exist. This sits alongside the expectations set out in the International Labour Organization (ILO) Conventions and related international standards, which emphasise that enterprises should not only respect freedom of association but also create the conditions for meaningful worker participation. The contrast between these expectations and the reported experiences of suppliers highlights an area where further support from retailers is needed.

What are the international standards on labour representation?

International frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises emphasise the importance of freedom of association and engagement with legitimate worker representatives. The International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) provides the clearest guidance, as it is grounded directly in ILO Conventions. It sets out explicit expectations that enterprises should:

- Respect workers' rights to form and join trade unions of their own choosing.
- Refrain from interfering in organising efforts.
- Engage in collective bargaining in good faith.
- Provide worker representatives with the facilities and information needed to carry out their functions.
- Ensure that no worker is disadvantaged for union membership or activities.

These frameworks set a consistent expectation that multinational enterprises should not only avoid obstructing trade union activity, but should also enable meaningful worker participation in discussions affecting wages and working conditions.

A contrasting perception of Fairtrade between Tier 1 and Tier 2 suppliers

Of the 34 suppliers surveyed, 26 reported selling Fairtrade bananas. Their perceptions reveal a clear and consistent divide between Tier 1 and Tier 2 suppliers shaped by their position in the supply chain:

Tier 1 suppliers

- Tier 1 suppliers tend to describe Fairtrade as a system that brings some reputational value and helps maintain stable relationships with buyers, but they strongly emphasise the operational and financial strain it imposes. Their accounts focus on increased workload, the administrative burden of lengthy and intrusive audits, and the sense that Fairtrade standards escalate year after year without corresponding adjustments in the base price.
- Several Tier 1 respondents highlight the power imbalance created by the audit process — described as unrealistic, excessively demanding, and leaving growers "powerless" — and argue that retailer price negotiations, particularly with large European buyers, undermine the Fairtrade model by making it difficult or impossible to cover costs. Even when Tier 1 suppliers acknowledge benefits, such as improved reputation or alignment with worker welfare, these positives are overshadowed by concerns about fixed prices, lack of margin, and the expectation that growers and exporters absorb rising costs long before any price adjustment is made.

Tier 2 suppliers

- By contrast, Tier 2 suppliers describe Fairtrade in overwhelmingly positive terms, focusing on the social and economic benefits generated through the premium. Their responses emphasise how Fairtrade enables community development projects, worker welfare programmes, education and health initiatives, and improvements to local infrastructure. They highlight that Fairtrade provides stable prices, long term commercial relationships, and better financial planning, all of which support organisational development and environmental sustainability.
- Many Tier 2 suppliers explicitly link Fairtrade to economic uplift for producers, improved labour conditions, and strengthened producer organisations, portraying it as a mechanism that delivers both social impact and business stability. The tone is consistently positive, with repeated references to the premium's role in funding social development and enhancing the wellbeing of workers and surrounding communities.

These contrasting views between Tier 1 and Tier 2 suppliers who sell Fairtrade bananas show a system that delivers clear social and economic gains downstream, while creating operational and financial strain upstream. Tier 1 experiences Fairtrade primarily as a cost heavy compliance model constrained by retailer pricing power, whereas Tier 2 experiences it as a development tool that brings meaningful improvements in quality of life.

Principle 5 Recommendations

OVERALL PROBLEM	RECOMMENDATIONS
Current pricing structures often fail to cover production costs, wages, compliance requirements, or a reasonable profit margin. In response, retailers should ensure they are paying prices that cover responsible business conduct (5.1) by:	• **Reviewing costing models** to ensure prices reflect the full cost of responsible production, including labour, inputs, and compliance requirements. • **Avoiding pricing mechanisms** (such as aggressive tenders or double down auctions) that drive prices below responsible cost levels. • **Ensuring forecasting, lead times, and order stability** support suppliers' ability to maintain wage levels and comply with labour standards.
Some suppliers reported that prices had not kept pace with rising labour or production costs. Here, retailers must ensure they are incorporating wage and cost increases (5.2) through:	• **Establishing a clear process for reviewing supplier requests** linked to minimum wage adjustments, input cost increases, or compliance requirements. • **Ensuring legitimate cost increases** are reflected in purchase prices within a reasonable timeframe. • **Integrating wage related pricing expectations** into commercial agreements so suppliers are protected from downward pressure that undermines wage commitments.
While retailers have made commitments on living wages, **supplier experience shows that engagement is uneven and not always supported by pricing that enables wage improvements.** So, retailers must make efforts to understand the living wage gap (5.3) and implement cost strategies for living wages (5.4) by:	• **Using recognised benchmarks** to calculate the wage gap and understand what price levels would allow progress. • **Where voluntary contributions are used, retailers should maintain them** and avoid passing wage gap obligations to suppliers. • **Working with suppliers on structured plans to close living wage gaps**, ensuring that commercial decisions do not incentivise sourcing away from higher gap regions. • **Where wage related price adjustments are made, verifying (by engaging with worker representatives)** that these amounts actually reach workers as intended. • **Implementing a remediation process where pricing is found to fall below responsible cost levels**, ensuring adjustments are made and recurrence is prevented.

OVERALL PROBLEM

While unions or elected worker representatives are present in most production sites, **retailer support for involving them in wage related discussions is inconsistent.** In response, retailers must seek to align with principles around workers' and worker representatives' involvement (5.5) through:

RECOMMENDATIONS

- **Encouraging suppliers to involve legitimate worker representatives in discussions** on wages, working conditions, and living-wage implementation, consistent with recognised worker-representation structures.
- **Ensuring that purchasing practices and commercial pressures do not undermine** the ability of worker representatives to participate meaningfully, in line with ILO principles and the Food Framework's emphasis on enabling effective worker engagement.

Impacts of purchasing practices on workers

While retailer purchasing practices can have upstream effects on workers, they can be difficult to trace. This is because they diffuse gradually across tiers of the supply chain. Figures 18 and 19 (below) examine the relationship between specific harms attributed to retailer purchasing practices and the types of labour harms reported by suppliers.

FIGURE 18. **EFFECTS OF IRRESPONSIBLE PURCHASING PRACTICES ON LABOUR CONDITIONS**

Bold = severe impacts

Principles ▶	P2	P3			P4				P5
Burdens ▶	Audit	Forecasting	Lead time	Quality specifications	Contracting practices	Late payment	Payment terms	Penalties/ discount	Price
Temporary workers hired	100%								
Long-term contracts not possible	36%		36%	27%					
Job cuts or layoffs					23%		38%		38%
Increased/longer working hours	54%	19%	8%	19%					
Increased work pressure and stress	23%	21%	15%	9%	5%		8%	2%	17%
Health and safety concerns	70%		20%	10%					
Employees not getting paid the full wages they earned					100%				
Employee unhappiness or morale issues	31%	15%	8%	19%	19%				8%
Difficult work relationships and communication								11%	89%

Taken from the survey data, Figure 18 shows the proportion of labour-related harms linked to each category of purchasing-practice burden. The percentages represent the share of reported harms attributed to a given burden. For example, 100% of cases involving the hiring of temporary workers were linked to audit-related burdens, while increased pressure and stress was associated with several factors – including audit burdens (23%) and price burdens (17%). This mapping illustrates which retailer actions are most closely associated with particular labour impacts. The most severe harms are marked with an asterisk.

For instance, job cuts were linked to three types of practices: unfair contracting, poor payment terms, and low prices.

In contrast, workers not receiving their full wages was attributed solely to contracting-related burdens.

Labour conditions are likely to impact a significant number of workers

To understand just how these harms translate into effects on workers, some estimates were developed around actual numbers of impacted workers (Figure 19 below) based on the workforce data provided by suppliers.

FIGURE 19. LABOUR CONDITIONS IMPACT A SIGNIFICANT NUMBER OF WORKERS

Bold = severe impacts

Principles ▶	P2	P3			P4				P5
Burdens ▶	Audit	Forecasting	Lead time	Quality specifications	Contracting practices	Late payment	Payment terms	Penalties/ discount	Price
Temporary workers hired	2,880								
Long-term contracts not possible	5,760		5,760	5,760					
Job cuts or layoffs					2,880		2,880		2,880
Increased/longer working hours	14,400	5,760	2,880	5,760					
Increased work pressure and stress	25,920	8,640	8,640	11,520	5,760		5,760	5,760	14,400
Health and safety concerns	5,760		2,880	2,880					
Employees not getting paid the full wages they earned					2,880				
Employee unhappiness or morale issues	8,640	2,880	2,880	5,760	5,760				2,880
Difficult work relationships and communication								2,880	8,640

Although the visuals used above are estimates, they are indicative of the scale of potential harm.

The data in Figure 19 represents 90,898 employed workers (including 31,207 women and 7,020 temporary workers with suppliers employing an average of 2,880 workers each). Thus, when suppliers report harms linked to purchasing practices, they may affect tens of thousands of workers across multiple countries and contexts.

Even when a small number of suppliers report a particular issue, the number of workers affected can still be substantial.

These findings illustrate how retailer purchasing practices can shape working conditions far beyond the immediate commercial relationship, reinforcing the importance of aligning purchasing decisions with responsible business conduct expectations across the supply chain.

Once again, it is worth highlight the limitations around power imbalance and lack of direct worker testimony when interpreting these findings (as detailed in the introductory section of the report: Interpreting findings).

Translating harms into numbers

- **More than 14,000 workers** may have experienced increased stress linked to pricing pressures from the 12 retailers included in this report.
- **Nearly 6,000 workers** may have been unable to access long-term contracts due to audit-related burdens.
- **Around 2,880 workers** might not have received the full wages they earned and around the same number of workers experienced job cuts or lay-offs.
- **About 14,000 workers** may have been exposed to long working hours as a result of audit-related pressures.

The impacts of irresponsible purchasing practices cascade downwards

Figures 20 and 21 below show us that each purchasing burden creates a chain reaction that moves from suppliers to workers and then to subcontractors. This makes the findings particularly important, because they show that pressures created by retailers do not remain at the supplier level. Instead, they spread throughout the supply chain and intensify as they move downwards.

FIGURE 20. EFFECTS OF IRRESPONSIBLE PURCHASING PRACTICES ON TIER 1 AND TIER 2 SUPPLIERS

Bold = severe impacts

Principles ▸	P2	P3			P4				P5
Burdens ▸	Audit	Forecasting	Lead time	Quality specifications	Contracting practices	Late payment	Payment terms	Penalties/ discount	Price
Use of third party contracting/outsourcing	20%			80%					
Struggle to pay other bills or financial requirements					7%		21%	25%	46%
Problems with quality of goods delivered		44%	31%	25%					
Loss of existing contract								50%	50%
Increased risk of litigation or disputes							100%		
Increased production cost	47%	33%	8%	11%					
Increased overtime	34%		41%	24%					
Increased financing costs					14%	5%	32%	25%	25%
Increased administrative workload	100%								
Forced additional borrowing or use of credit lines					11%	6%	36%	19%	28%
Financial loss									
Difficulty/delay paying suppliers	21%	48%	17%	15%					
Difficulty investing in sustainability and quality improvements						18%		18%	65%
Difficult work relationships and communication					18%	11%	18%	11%	41%
Delay in delivery					15%			15%	69%
Damage to reputation of the company		56%	17%	28%					
Additional time and cost spent on sampling					67%			33%	
Additional time and cost spent on production		100%							

FIGURE 21. EFFECTS OF IRRESPONSIBLE PURCHASING PRACTICES ON UPSTREAM SUPPLIERS AND SUBCONTRACTORS

Bold = severe impacts

Principles ▶	P2	P3			P4				P5
Burdens ▶	Audit	Forecasting	Lead time	Quality specifications	Contracting practices	Late payment	Payment terms	Penalties/ discount	Price
Struggle to pay other bills or financial requirements	9%		9%		18%	14%	23%	4%	23%
Problems with quality of goods delivered		80%		20%					
Loss of existing contract		86%						14%	
Increased production cost	16%	21%	21%		26%			16%	
Increased overtime	25%	33%	17%	8%	17%				
Increased administrative workload	26%	17%	17%		22%			4%	13%
Financial loss	12%	42%	17%	4%	21%			4%	
Difficulty/delay paying workers	17%				33%			8%	42%
Difficulty investing in sustainability and quality improvements		24%				18%	29%		29%
Difficult work relationships and communication			29%					14%	57%
Delay in delivery		57%	29%	14%					
Damage to reputation of the company				20%		60%		20%	

Let's take a closer look at some of these burdens individually, based on the dominant themes from the Principles sections earlier:

Principle 2 Audit burdens

Audit burdens create a clear cascade of impacts. While audits are intended to strengthen labour conditions and ensure compliance, suppliers described significant operational pressures associated in meeting these requirements. Suppliers reported that audits in all retailers' supply chains generated increased administrative workload, which then translated into labour impacts. According to suppliers, 100% of retailers prompted the hiring of temporary workers, 70% contributed to health and safety concerns, and 54% resulted in increased and prolonged working hours (Figure 18). These findings suggest that the burden of audit compliance is frequently shifted onto workers through precarity, risk, and overtime. The effects also extended beyond Tier 1 suppliers (Figure 21). Upstream suppliers reported 17% of retailers caused difficulty and delay in paying workers, 12% caused financial loss, 25% caused increased overtime, and 26% caused increased administrative workload. This suggests that audit driven demands at the top of the chain can create financial and organisational strain further down, particularly for subcontracted units with limited margins and bargaining power

Principle 3 Planning related burdens (forecasting and quality specification)

Planning related burdens follow the same pattern to audit burdens. Forecasting issues resulted in 100% of retailers causing additional cost and time spent on production, while quality specification burdens affected 75% of suppliers (Figure 20). These upstream planning failures then translated into instability for subcontractors, with 86% of retailers causing loss of existing contracts and 80% causing problems with quality and delivery (Figure 21). So, what begins as poor or volatile planning at the retailer level translates into contract insecurity, disrupted production, and financial loss further down the chain.

Principle 4 Terms related burdens (payment terms and contracting)

Financial burdens also cascaded. Payment term pressures led suppliers to report that 100% of retailers caused increased risk of litigation or disputes and 38% caused job cuts and lay-offs (Figure 20). This shows that delayed or unfavourable payment conditions are directly linked to employment insecurity. Subcontractors reported 29% of retailers caused difficulty investing in sustainability and quality improvements (Figure 21), suggesting that financial strain undermines both day to day operations and long term upgrading. Contracting burdens produced similar effects. Suppliers said that 67% of retailers caue damage to company reputation (Figure 20), and 100% cause workers to not receive full wages earned (Figure 20) – a Category 5 harm. Subcontractors reported that 33% of retailers caused difficulty and delay in paying workers and 21% caused financial loss (Figure 21), showing how contractual arrangements shift risk and cost downwards.

Principle 5 Price burdens

Price burdens generated the broadest pattern of financial and relational strain. Suppliers reported that 65% of retailers caused difficulty in the delay in paying suppliers, 69% caused difficult work relations and communication, 46% caused difficulties in paying other bills or financial requirements, and 50% caused loss of existing contracts (Figure 20). These pressures resulted in 38% of retailers causing job loss and lay-offs for workers (Figure 18), showing that price pressure is directly linked to employment outcomes. Subcontractors reported that 65% of retailers caused difficulty and delay in paying workers and 69% caused delay in delivery (Figure 20), indicating that tight or unsustainable pricing reverberates through the supply chain as both labour insecurity and operational disruption.

A consistent overall pattern

Across all irresponsible purchasing practices from retailers, the pattern is consistent and striking. Pressure applied at the purchasing level translates into strain on the supplier, which then becomes worker harm, which in turn becomes upstream supplier instability and loss. Figures 18, 20 and 21 together show that irresponsible purchasing practices have consequences throughout the whole system. They are not isolated business decisions. Instead, they are key drivers of how risk, cost, and harm are distributed throughout the supply chain, and must therefore be central to any human rights due diligence assessment of retailer responsibility.

How do these impacts arise?

Evidence from the conducted interviews and wider research complements the supplier responses above by showing how these impacts emerge through clear cascading effects. Purchasing practices place financial and operational pressure on suppliers. Some suppliers report responding through measures such as cost cutting, intensified production, and greater reliance on flexible labour arrangements. Workers then experience the resulting impacts through longer hours, increased work intensity, unstable earnings, and reduced job security.

Several recurring issues stood out:

Retail prices shape wage progression and limit wage improvements

Retail prices were shown to directly influence the revenue available to producers, and this constrains wage improvements even when base wages are paid. Profit-and-loss reviews are central to wage negotiations, and losses linked to buyer behaviour or redistribution along the chain are repeatedly cited as reasons why wage increases cannot be granted. This means the issue is not nonpayment of wages, but the inability to improve wages because retail prices and margins are too tight.

Quality-based price deductions reduce income stability

Evidence shows that retailers' quality requirements create a system where part of workers' income depends on the quality category assigned to fruit at arrival in export markets. Quality deterioration during transport, which is outside the control of producers, leads to reduced bonuses. This could link retailer quality standards directly to fluctuations in workers' earnings.

Certification requirements imposed by retailers create significant cost burdens

Data also showed that retailers' standards and certification schemes impose substantial financial and operational costs on producers. These costs reduce the margin available for wages and can even interrupt production entirely when farms are suspended. Producers bear the full cost of certification, and because many supply a number of different buyers, the cumulative burden of meeting overlapping standards can become unmanageable. In regions with numerous certifiers, the accumulation of fees and compliance demands associated with overlapping certification schemes are among the most significant constrains on meeting wage obligations.

Purchasing patterns drive unpredictability and extended working hours

The research shows that production planning, particularly fixed volumes with tight timelines, create production rhythms that require long or unpredictable working hours. This links the ordering behaviour of buyers to work intensity, overtime, and the erosion of predictable working hours.

> ***When an order is placed by a company, workers can be required to work overtime until the entire number of boxes associated with the order are packed."***
>
> **Stakeholder 1**

Price pressure encourages reliance on precarious and informal labour

Where buyers push for low prices, producers respond by reducing labour costs through temporary, part-time, or agency hiring. In some regions, informal employment reaches extremely high levels, reducing access to social security, maternity protections, bonuses, and severance pay. This creates systemic precarity directly tied to the need to keep production costs low.

Retailer-specific private standards increase operational costs and reduce wage capacity

Beyond formal certification schemes, some retailers impose their own private standards, norms, and audit requirements. These requirements can be significantly more demanding than third-party certifications and must be paid for entirely by producers. The financial and administrative burden of complying with multiple retailer-specific standards reduces the resources available for wages, benefits, and commitments to collective bargaining agreements (CBA). In some cases, failure to meet these private standards can result in temporary farm closures, directly interrupting workers' income.

Piece-rate systems become more demanding under price pressure

Piece-rate compensation is already opaque. But it becomes even more demanding when producers must meet the price expectations of buyers, where productivity targets rise, and workers must work longer or faster to earn above the minimum wage.

Irresponsible purchasing practice has a disproportionate impact on woman

Women tend to be concentrated in the lowest paid and most precarious roles, particularly in packhouses where long hours, quality linked bonuses, and piece rate intensification are most acute. Women also face higher rates of underemployment, longer working hours for lower pay, and greater barriers to union participation due to care responsibilities and unpredictable schedules. As a result, retailer purchasing practices that compress margins, increase work intensity, or create income volatility tend to have a disproportionately negative impact on women.

Conclusion

Retailers' purchasing practices have a significant impact on labour conditions and workers' rights in the banana sector. The evidence in this report is unequivocal: pressure placed on suppliers cascades downward — first into the supplier's own operations, then into labour conditions, and finally into subcontractor and grower networks.

Harms are serious and directly linked to retailers' behaviours, where evidence shows that irresponsible practices actively undermine labour rights and make it harder for suppliers to meet retailer expectations.

In addition, purchasing practices are central determinants of supplier stability and the financial viability of upstream actors. Suppliers consistently reported that the way retailers buy — how they plan, forecast, price, contract, audit, and pay — have direct and often severe consequences for their operations and for workers' conditions. Survey responses indicate, for example, that around 14,000 workers may have experienced increased stress linked to retailer pricing pressures, or have been exposed to long working hours as a result of audit-related pressures.

The urgency to act is amplified by the global context

The report takes place against a global market that is itself under mounting strain. The United Nations Food and Agriculture Organization (FAO)'s 2024 Banana Market Review[1] shows that extreme weather, rising production costs, currency volatility and the spread of Tropical Race 4 (TR4) have reduced the availability of banana exports across many major producing countries. Meanwhile, import prices in Europe and the United States fell by 2–5 percent in 2024. This combination of unstable supply, escalating production risks and falling trade prices has left many producers operating on thin and declining margins. A fragile global context amplifies the significance of retailer purchasing practices, where commercial decisions can either help stabilise stressed supply chains or intensify the pressures experienced by suppliers and workers.

1 FAO (2024). Banana Market Review 2024. Rome: Food and Agriculture Organization of the United Nations.

The data illustrates that these are not isolated or contextual failures. Perhaps nowhere is this more stark than on contract terms, where every buyer surveyed reported that they do not force suppliers to accept terms, while half of all suppliers reported the opposite. Or where nearly all retailer buyers perceived their audit requirements to be manageable and routine, while most suppliers suggested the opposite: that audit requirements are a clear source of operational and financial strain. This pattern was consistent. Across planning, pricing, payment, and audit, retailers consistently reported confidence in their own practices while suppliers reported something different.

A further dimension emerging from the assessment concerns the role of independent worker representation in efforts to improve wages and working conditions. Many suppliers reported having trade unions or elected worker committees in place, and a majority described involving them in discussions on workplace issues. However, retailer support for this involvement was uneven. These dynamics sit within a wider context of commercial pressure shaped by purchasing practices, which shapes the conditions in which worker representatives operate.

International labour standards, and ETI's tripartite foundation, emphasise that meaningful worker participation depends on engagement with independent, worker representatives, including trade unions where they exist. The findings therefore underline that independent worker representation remains central to ensuring that progress on wages and working conditions reflects workers' needs, and that the conditions created by retailers' purchasing practices matter for how this participation can take place.

Responsible purchasing is not an optional enhancement, or an operational detail to be managed downstream. As the precondition for meaningful, lasting improvement, purchasing practices must be a central component of human rights due diligence. Without addressing them, progress on living wages, decent work, and responsible business conduct will remain limited, fragile, and uneven in the banana supply chain.

Appendices

Survey methodology

Purpose of survey data

- To generate purchasing practices scores for each retailer.
- To assess each the buying decisions of retailers, based on feedback from Tier 1 and Tier 2 suppliers.
- To identify connections between retailers' purchasing practices and their impact on suppliers – including how this might subsequently impact the rights and conditions of workers.

Summary of survey methodology

METHOD	DESCRIPTION
Desk research	Literature on the banana supply chain was reviewed in order to understand the current industry dynamics and pain points. This included NGO reports and past analysis of purchasing practices commissioned by GIZ and IDH.
Surveys	▸ **Suppliers:** All Tier 1 and Tier 2 suppliers in retailers' supply chains were offered the opportunity to complete a detailed survey. These surveys (described in more detail below) rated retailers on ETI's Food Framework (Principles 2–5) and assessed harms arising from purchasing practices, including impacts on Tier 1 and 2 suppliers' businesses, and on workers, producers, growers, exporters, and subcontractors. Surveys were distributed to Tier 1 suppliers directly, while Tier 2 suppliers were approached through a combination of Tier 1 suppliers and direct contact. ▸ **Retailers' buyers:** All retailers completed buyer surveys capturing both their current purchasing practices and their views on alignment with ETI's Food Framework. ▸ **Retailers' human rights teams and/or sustainability teams:** Retailers' human rights and/or sustainability teams completed surveys capturing internal company dynamics and their views on alignment with the Food Framework.
Key informant interviews (KIIs)	▸ **Suppliers:** Suppliers were interviewed both remotely and in person at Fruit Attraction (2025), World Banana Forum, Fruit Logistica (2026) and through additional 1:1 interviews. ▸ **Retailers:** Each retailer was invited to participate in interviews about their purchasing practices. All 12 retailers participated in interviews involving both buyers and human rights personnel. These discussions clarified survey responses and provided deeper insight into supply-chain dynamics. ▸ **Business associations, industry stakeholders and NGOs:** Engagement with relevant business associations, industry stakeholders and NGOs provided a broader understanding of sector-wide dynamics and the wider context which purchasing practices operate.

How the surveys were conducted

The 12 participating retailers collectively source from an estimated 21 Tier 1 suppliers and around 125 Tier 2 suppliers. No single retailer had more than eight Tier 1 suppliers (most had fewer). Retailers provided the research team with Tier 1 supplier lists and, where available, information on further tiers of their supply chains. Every Tier 1 supplier and as many Tier 2 suppliers that could be contacted were subsequently requested to complete a survey. The level of supply chain visibility varied between retailers. The research team contacted all Tier 1 suppliers directly and asked them to share the survey with their Tier 2 suppliers. Where Tier 2 supplier details were available, the research team also contacted Tier 2 suppliers directly. Retailers themselves were additionally asked to distribute the survey to their suppliers. No public databases were used and all supplier information was provided directly by retailers.

Retailers' surveys		Suppliers surveys		Key informant interviews	
12	12	16	18	11	32
Buyer	Human rights	Tier 1	Tier 2	Retailer	Supplier

All Tier 1 suppliers received survey links, and at least 50 Tier 2 suppliers were reached. Ultimately, responses from 16 Tier 1 suppliers and 18 Tier 2 suppliers were received. Due to the fact that most suppliers provide to multiple retailers, they were able to complete a survey for each. This resulted in a total of 111 survey responses from 34 suppliers across Tier 1 and Tier 2. Because individual suppliers provide to multiple retailers, the number of responses was sufficient to assess all retailers except for one.

Across these participating suppliers, the survey represents a workforce of approximately 90,898 permanent workers and 7,020 temporary workers across Tier 1 and Tier 2. This includes 31,207 permanent women workers and 1,841 temporary women workers, illustrating the scale of workers covered by the assessment.

Surveys were anonymous and confidential. Suppliers could choose to respond fully anonymously or provide contact details if they wished. Before sharing individual retailer reports, anonymised supplier specific findings (with retailer names removed) were shared back with suppliers to enable them to confirm that no sensitive information was being disclosed. Only data provided by suppliers was shared with retailers, and none of the information provided by other retailers was disclosed.

To support participation, the research team held multiple consultation sessions (approximately eight) to explain the purpose of the project and the survey. These included sessions held during the World Banana Forum, as well as separate occasions where suppliers were met either in small groups or on a 1:1 basis for consultation and key informant interviews. All of these sessions offered simultaneous interpretation to ensure suppliers could participate fully in their preferred language.

The survey was delivered online and consisted primarily of multiple choice questions, with some open ended options. The survey contained 122 questions in total, and the average completion time was approximately 35 minutes, with suppliers only seeing questions relevant to their role in the supply chain.

Suppliers serving multiple retailers completed only one survey, but were able to respond regarding each of their customers. Tier 1 suppliers selected all of the retailers they supplied and answered matrix style questions for each. Tier 2 suppliers identified their direct customer (the importer) and, where known, the retailers they ultimately supplied. Where Tier 2 suppliers did not know which retailer they supplied, they responded based on their experience of supply chain pressures. Only harms that Tier 2 suppliers explicitly attributed to a retailer were included in retailer level scoring and analyses.

Only fully completed surveys were included in the analysis.

Scoring approach

Scoring was undertaken for Principles 2–5 only. Principle 1 concerns internal processes, so it cannot be assessed through supplier scoring. Instead, information for Principle 1 is drawn from the retailers' buyer survey, the human rights team survey, and key informant interviews. There were four steps for scoring principles as follows:

1. Question categorisation

Questions were grouped by principle and by category:

- Category 1: Practices experienced by suppliers (such as late changes to order volumes, poor contracting practices).
- Category 2: Effects on suppliers' businesses.
- Category 3: Effect on workers.
- Category 4: Effects on growers, producers, exporters and/or subcontractors.
- Category 5: Egregious effects of Categories 2-4, including loss of work, non-payment of wages or lost contracts for grower, producers, exporters and/or subcontractors.

2. Food Framework Principles were scored differently

Principles were scored differently because the structure of the indicators is not the same across all principles.

- **Principle 2** measures the quality of communication and collaboration between retailers and suppliers. While poor communication or short-term contracting can indirectly affect workers, the indicators in this principle are designed to assess engagement practices (not employment outcomes). For this reason, Principle 2 includes both positive and negative actions and therefore allows for a wider scoring range.
- **Principles 3–5** are built around identifying harmful retailer purchasing practices. The indicators in Category 1 capture behaviours that, by definition, create risk or harm (such as unilateral changes, late payments, unrealistic lead times). Because these indicators are framed to detect the presence of harmful practices, they appear "negative in nature". However, retailers can still score positively in these principles by not engaging in these harmful behaviours. In other words, good practice is reflected through the absence of negative actions, rather than through separate "positive" indicators.

3. Score calculation

- **Principle 2:**
  - Category 1 questions under Principle 2 were scored from 0 to 4 points depending on the quality and frequency of the action described. Higher scores reflect stronger, more consistent, or more collaborative practices. For example, meeting with a supplier monthly received 2 points, while never meeting received 0 points. Each question therefore has a defined minimum (0) and maximum (4) score. The total available points for a retailer are calculated by multiplying the number of Category 1 questions by the maximum score of 4. Individual scores were aggregated by tier and then divided by this total to produce percentage score.

- **Principles 3-5:**
  - **Category 1 scoring:**
    - Scores were calculated as the percentage of suppliers experiencing any harms within the category.
    - Harms were defined as negative experiences such as late payments or harmful contract negotiations.
    - For Tier 2 supplier surveys, harms were counted only when suppliers indicated they knew the retailer was the cause.
  - **Categories 2-4 scoring:**
    - Categories 2-4 were scored in the same way as Category 1.
    - The combined Categories 2-4 score was then used to reduce the Category 1 score.
  - **Category 5 (egregious harms)**
    - If any participant reported an egregious harm attributed to the retailer, the score was reduced by 20 percentage points.

- **Weighting**

  A weighted average was applied:

  - Tier 1 suppliers: 60%
  - Tier 2 suppliers: 40%

  This reflects their differing proximity to retailers. Tier 1 suppliers have direct commercial relationships with retailers and therefore have clearer visibility of retailer actions, while Tier 2 suppliers experience impacts further upstream and may not always know which retailer is responsible. The 60/40 weighting ensures that the analysis reflects both direct and upstream impacts, while giving appropriate emphasis to the suppliers with the most accurate insights into the behaviour of retailers.

Do all questions carry the same weight?

Within each principle, all questions carry the same weight. Each question contributes equally to the overall score for that principle. The only exception is the egregious harms category, which applies an additional fixed penalty due to the severity of those behaviours. Aside from this, no individual question is weighted more heavily than another.

In Principle 2, each question contributes the same maximum of 4 points. In Principles 3–5, all questions within each category also carry equal weight because they are scored as percentages. Once again, the only exception is the egregious harms category, which applies an additional fixed penalty due to the severity of the behaviour. Beyond this, the only weighting applied is the 60% Tier 1/40% Tier 2 split which reflects supplier proximity to retailers (described above).

4. Partnership category assignment

Following the scoring of each principle, retailers were put into partnership categories:

Insufficient	Beginner	Emerging	Intermediate	Advanced	Partner
0%	20%	40%	60%	80%	99%

Principle analysis

After scoring, responses between suppliers and retailers were compared to identify areas of alignment and misalignment. For Principle 1, comparisons were made between human rights and buying teams. Key informant interviews were used to clarify discrepancies and provide additional insight. To maintain the full anonymity of suppliers, none are named or identifiable in this report.

A draft of the principle level analysis was then shared with participating suppliers. Only information provided directly by suppliers was included in this feedback process. This ensured that suppliers were comfortable with how their data was represented and that, given the small size of the supply chain, no findings were attributed to an individual supplier. Feedback was then incorporated wherever clarification was required, in order to maintain anonymity and accuracy.

Survey limitations

Representativeness

While the survey sample covers a substantial proportion of Tier 1 suppliers, Tier 2 representation is more limited. As random sampling was not possible, it cannot be guaranteed that respondents are fully representative of the wider supplier population. However, the high proportion of Tier 1 responses mitigated this concern to some extent.

Response bias

Power dynamics in the banana supply chain are significant, and the risk of losing business from a retailer can discourage open criticism. Across key informant interviews, suppliers were very open and shared detailed accounts of challenges. However, their survey responses were noticeably more restrained. This suggests that survey responses may underestimate both the harms and the severity of purchasing practice issues, particularly given that suppliers were far more detailed and direct in interviews.

Anonymity

Suppliers were given the option to remain anonymous. Around half chose this option, with the identities of approximately half the Tier 1 and a similar proportion of Tier 2 respondents being unknown to the research team. While it is always known which retailer a survey related to, it might not be known which supplier had completed it. As a result, Tier 1 and Tier 2 responses could not be linked, and it was not possible to attribute specific findings to particular suppliers. This limitation reduces the ability to trace outcomes to retailer specific actions and presents an analytical challenge in establishing clear causal connections within the supply chain.

Analytical limitations and sample sizes

Due to the small number of Tier 1 suppliers in several supply chains, greater reliance was placed on Tier 2 responses than originally intended. Although many Tier 2 suppliers know their retailer customers and can identify links between retailers' actions and supply chain outcomes, others do not. In some cases, retailer identity was inferred from supply chain information, which may not reflect suppliers' own knowledge. Limited visibility among some Tier 2 suppliers is likely to result in an underreporting of issues, and therefore conservative scoring.

Data around impact on workers

The assessment of impact on workers is based solely on information reported by suppliers. Due to project constraints, it was not possible to conduct direct interviews with workers during this process. As a result, the worker related findings reflect suppliers' perceptions and reporting rather than first-hand worker testimony. Given the power dynamics in the banana supply chain, and the potential reluctance of suppliers to disclose issues that may reflect negatively on their commercial relationship, it is likely that some worker impacts are underreported. Consequently, the severity and prevalence of worker-related harms may be greater than can be captured through the supplier data alone.

Power dynamics

Survey data is likely to reflect power dynamics in the commercial relationship, where suppliers are far more likely to speak freely about Food Framework Principles 2 and 3 than Principles 4 and 5. Production planning (Principle 3) for example, is typically viewed as an operational area rather than a commercial one, making it a "safer" topic for suppliers to raise compared with pricing, payment terms, or contracting (Principle 4). Even so, the range and frequency of harms reported under Principles 2 and 3 indicate that planning practices are a major driver of upstream pressure. The fact that suppliers feel more able to comment on planning than on commercial terms suggests that the harms captured related to these commercial practices could represent only part of the real picture.

Suppliers are also likely to be more cautious when raising issues under Principles 4 and 5, because these areas involve the most commercially sensitive and severe impacts. Speaking openly about unfair contracting terms, payment practices, or wage related decisions may feel risky in a context where retailers hold significant power over future business. Acknowledging that these practices harm workers is especially sensitive, as it can put suppliers in a vulnerable position. As a result, suppliers may underreport problems in these areas, meaning the harms captured here likely represent only part of the true picture.

Terminology

- **Purchasing practices (PP):** Actions taken by a buying company in order to purchase a product, raw material, or service (in whole or in part) from a supplying business. They encompass technical specifications, forecasting, production planning, contracts, order placement and lead times, cost and price negotiations, and payment terms.
- **Responsible purchasing practices (RPPs):** Purchasing practices which do not negatively impact supply chain stakeholders. In this assessment, RPPs are understood in line with the ETI Common Framework for Responsible Purchasing Practices.
- **Common Framework for Responsible Purchasing Practices (CFRPP)**: A framework developed by the Ethical Trading Initiative (ETI) that sets out the core components of responsible purchasing. It provides a shared reference for retailers, suppliers, and stakeholders on responsible behaviour in planning, sourcing, contracting, costing, payment, and communication. In this report, the CFRPP is referred to as the **Food Framework** and forms the basis for the principles used in the assessment.
- **Tier 1 suppliers:** Direct suppliers to retailers. In the banana supply chain, these are typically importers, ripeners, or large exporters with a direct commercial relationship with the retailer and clear visibility of retailer actions.
- **Tier 2 suppliers:** Suppliers further upstream who do not contract directly with retailers. These may include producers, growers, farms, exporters, or subcontractors. Their visibility of retailer actions varies, and impacts are often experienced indirectly.
- **Harms:** Negative effects arising from purchasing practices. In this assessment, harms include impacts on Tier 1 suppliers' businesses (Category 2), impacts on workers (Category 3), and impacts on producers, growers, exporters, and/or subcontractors (Category 4). These range from operational or financial strain to pressures that affect working conditions or the stability of upstream suppliers.
- **Egregious harms:** Severe negative outcomes linked to purchasing practices, such as loss of work, non payment of wages, or loss of contracts for subcontractors. These represent the most serious impacts in the scoring framework.
- **Scoring categories:** The five categories used to classify survey questions and impacts: (1) practices experienced by suppliers; (2) effects on suppliers' businesses; (3) effects on workers; (4) effects on subcontractors; and (5) egregious harms. These categories structure the scoring of Principles 2–5.
- **Upstream:** Parts of the supply chain that sit closer to the point of production. In the banana supply chain, this includes growers, farms, producers, packhouses, and exporters, as well as other suppliers operating before the retailer in the supply chain. When a retailer's actions affect suppliers, producers, or workers, these impacts move upstream, meaning they travel back toward the origin of the product.
- **Downstream:** Parts of the supply chain that sit closer to the final customer. In the banana supply chain, this includes retailers, distribution centres, and consumers. Impacts that move downstream flow toward the end market rather than toward producers.

Note from IDH and GIZ: Banana commitments and responsible purchasing practices

This work is part of the broader efforts on living wages in the banana sector. This includes the German Retailers Working Group on Living Income and Living Wages coordinated by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)'s Sustainable Agricultural Supply Chains Initiative (SASI), and the national Banana Retail Commitment on Living Wages for banana supply chains in Belgium, the Netherlands, and the UK, coordinated by IDH. As part of these commitments, 21 European retailers from the UK, Netherlands, Belgium, and Germany committed to promoting living wages and reducing existing living wage gaps for workers in their banana supply chains either by 2025 or 2027.

To reach these commitments, retailers are following the IDH roadmap on living wages and using underlying tools like the IDH salary matrix. Retailers have also set core principles of engagement such as shared responsibility and partnership. IDH's and GIZ's convening work focuses on creating spaces to exchange learnings and challenges, offering technical solutions, supporting retailers and their supply chain partners in the different steps of the roadmap, and monitoring progress.

At the European level, IDH and GIZ have been working together to ensure alignment across all initiatives under the 'Better Together' initiative. This aims to increase effectiveness, improve impact, and reduce inefficiencies and burden for supply chain partners. Under the commitments, retailers have been exploring different ways to close living wage gaps. In 2021, the German Retailers Working Group agreed to explore voluntary financial contributions as a short term solution and began implementing them in 2022. In 2023, all retailers under the BE, NL, and UK commitments followed suit, and alignment was reached on this approach. Sixteen retailers have now started paying contributions to at least part of their producers, either through independent financial contributions or the Fairtrade system.

Retailers also acknowledge that collective bargaining, national wage setting mechanisms, and responsible purchasing practices are the most sustainable approaches to structural wage improvement in the long run. Responsible purchasing practices create a more balanced distribution of value and risk across supply chains and form the basis for discussing structural solutions to living wage gaps. In 2024, all retailers part of the national commitments funded the development of an internal Responsible Procurement Practices (RPP) Framework for Retail in the Banana Sector. As part of this work, 12 retailers completed a self assessment to evaluate their maturity in implementing responsible purchasing practices. This process encouraged internal discussions across departments and helped identify future improvement areas.

Despite this activity, some areas of responsible purchasing practices remained unexamined — namely how supply chain partners experience retailers' purchasing practices and how this affects workers. The current assessment was developed to address that gap by providing a structured review of purchasing practices and their impacts across the banana supply chain. ETI has been commissioned to perform this work for GIZ and IDH. It is delivered through a collective process involving twelve retailers participating in the German, Belgian, Dutch, and British retail banana commitments: Kaufland, Aldi Nord, Aldi South Group, Rewe Group, Tesco, Sainsbury's, Asda, Co-op, Morrisons, Albert Heijn, Delhaize, and Jumbo

As next steps, GIZ has commissioned ETI to further adapt the RPP Framework for Retail in the Banana Sector based on ETI's Common Framework for Responsible Purchasing Practices in Food and the outcome of this assessment. All retailers participating in this project have received an individual report with their specific results and recommendations to support internal discussions and identify further improvements. All German retailers and several retailers part of the IDH commitments will participate in a second phase of the project, where the aim is for each retailer to develop an action plan based on their recommendations. In the years to come, IDH and GIZ will follow up with the retailers involved on the implementation of these recommendations.

Ethical Trading Initiative

ETI is a leading alliance of NGOs, trade unions, and companies advancing human rights in supply chains.

Our vision is of a world of work that protects human rights, ensures dignity for all, provides opportunity and is free of exploitation and abuse.

Ethical Trading Initiative
LHBO4 Kennington Business Park
1-3 Brixton Rd, London SW9 6DE
United Kingdom

+44 (0)20 7841 4350

ethicaltrade.org

info@eti.org.uk

LinkedIn

If you require any further information, please contact melissa.karadana@eti.org.uk