Ethical Trading Initiative

Banana supply chain:

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

Summary report

Summary introducution

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

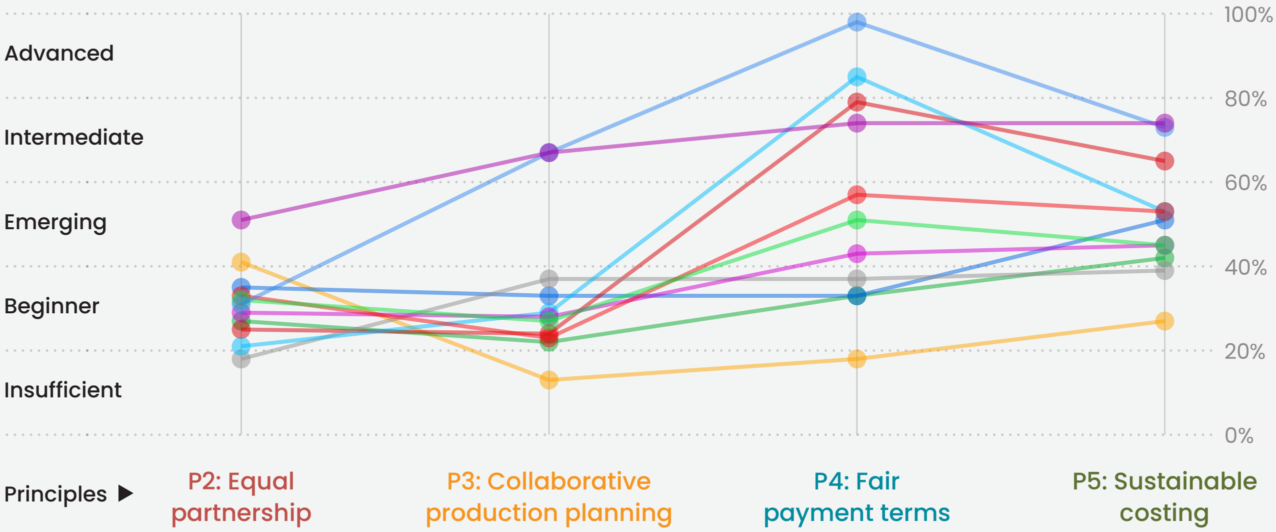
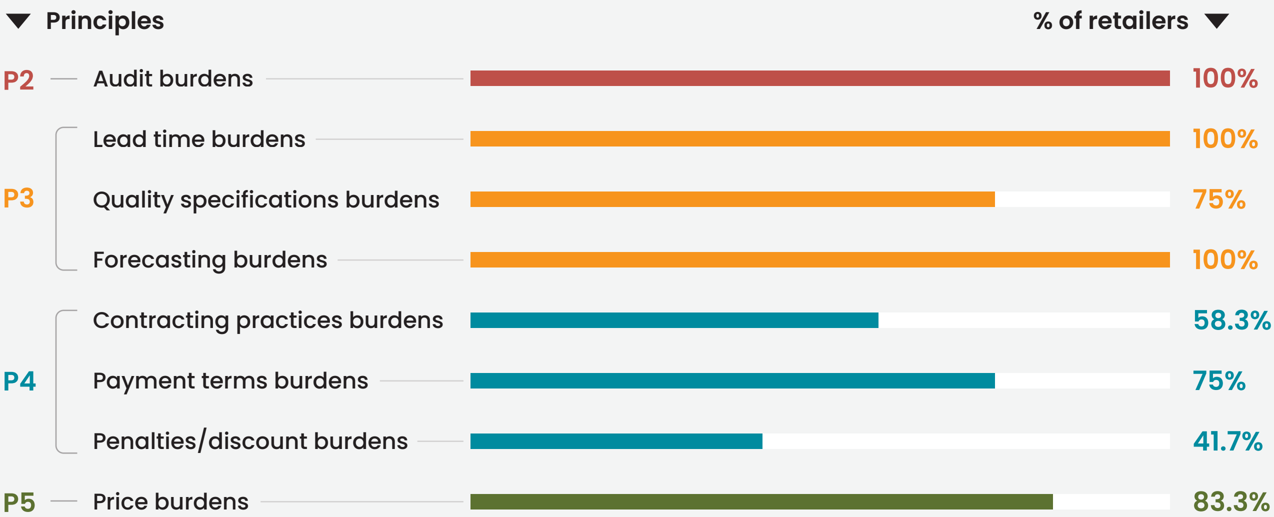


Figure 2 shows the most common issues between suppliers and retailers reported across all principles relate to Principle 2 (Equal partnership) and Principle 3 (Collaborative production planning). While less pronounced, Principle 4 (Fair payment terms) and Principle 5 (Sustainable costing) issues are 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.

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.

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