



Fair & Sustainable
Consulting



Report on verification and
validation of data living wage
banana project

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Joining Forces towards Living Wages: Dutch Retailers' Commitment on Living Wage Bananas Data Validation Report 2020-2021

Overview

Through the Dutch Covenant for the Food Products Sector, led by the Social Economic Council (SER) of the Netherlands, signatory retailers have committed to jointly work with IDH, The Sustainable Trade Initiative, on a concrete project on living wages. Through this commitment signed with IDH, the signatories aim to increase the availability of banana produced by workers who earn a living wage, for their volume share. During the first phase, the private sector parties involved provided insight into the gap between current wages and living wage benchmarks (i.e., the living wage gap). This process was repeated, one year later, to measure changes. The IDH Salary Matrix tool was rolled out in digital form to achieve this objective.

The IDH Salary Matrix was completed by 242 farms across 5 countries and uploaded on the IDH platform.

The farms were requested to download their submitted Salary Matrices and forward them for a data validation process, carried out by independent consultants. This process, which constitutes a pre-audit remote data check, is described below. The final aggregated wage gap analysis reflects self-reported wage information and is reported separately by IDH, but in the report we will go over the remote data check and lessons learned. Important to bear in mind that these results have not yet been verified as accurate by third parties.

Data Validation Process

Data validation is a valuable exercise, particularly for helping farms better understand the principles behind the Salary Matrix, and how to correctly use it within their specific context. Data validation is a remote process for checking that the data is complete and entered according to the IDH guidelines. However, it does not replace ground-level verification audits, which allow for full documentation review, field observations, and verification of information with workers and their representatives. Verification audits are recommended to confirm that the data and results accurately represent worker wages. More information on the difference between data validation and Salary Matrix Verification can be found on IDH's [website](#).

Steps taken by the consultants were:

Step 1: 233 farms were asked to download their submitted Salary Matrix and share a copy of the data with the consultants. We received 121 Salary Matrices of which 88 only in excel form (and not with the PDF summary). See annex for details.

Step 2: The consultants conducted a desk review of the Salary Matrices to check for anomalies and flag potential errors. The results were used to select a sample of 15 farms, whose managers were asked to participate in a remote interview. A few times we did have a second interview to finalize the assessment.

Step 3: The consultants interviewed farm managers from selected farms to confirm the completeness of the data and check that it was entered according to the Salary Matrix guidance documents. Farm managers were asked to voluntarily correct any mistakes before submitting the final version of their Salary Matrix. *The farm management made the decision whether or not to correct errors.*

Step 4: IDH, the Sustainable Trade Initiative aggregated the wage data in the submitted Salary Matrices to generate the living wage gap analysis by country and supplier for each of the participating retailers.

Lessons Learned

The Salary Matrix data validation process, and the experiences of participating farms, yielded valuable lessons for the future.

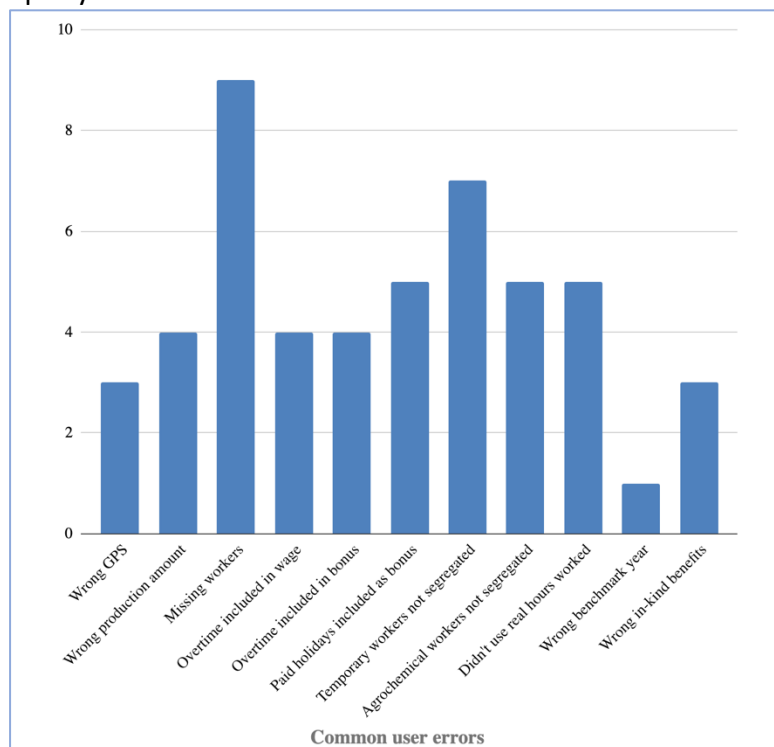
User knowledge and experience

- The Salary Matrix takes time to understand and use correctly. It is important for farms to utilize existing guidance, training videos and Question & Answer sessions provided by IDH. Farm managers are likely to improve their data entry over time. The Salary Matrix itself will also become simpler and more intuitive over time.
- Most farms that were interviewed found the exercise useful for helping them improve data entry in the future. This was specifically expressed by those that work with several (smaller) farms as the exercise stimulates them to improve their administration.
- At least one farm chose to switch from grouping workers into job categories to entering workers individually. The farm expressed that while it took additional time, this process was better for them and the results were much clearer.
- Some farms were unsure of how to enter workers in cases of high labour rotation or when they share workers with another farm. More guidance is needed on this topic.
- A number of farms chose not to make recommended changes to their Salary Matrices. This was largely due to a real and/or perceived high level of additional effort and time. The analysis therefore reflects the errors listed in the next section.
- One farm in Ecuador showed a minimal gap for one worker which after consultation with the farm / exporter has been solved. The additional payment was organized and the farm will make sure that this minimal gap will not occur again.

Common user errors

- **Anomalies and red flags were found in nearly all of the Salary Matrices that were submitted. Only 15 were interviewed and asked to make any necessary changes. It is likely that there are errors in the remaining Salary Matrices. This should be kept in mind when interpreting the wage gap analyses results.**

- Most farms use several different types of contracts (e.g., part-time, seasonal, piece rate, etc.), but often grouped them per job category in the Salary Matrix. Workers with different contract types should be divided into separate job categories, even if they receive the same remuneration to allow for a proper assessment of the wage gap. This was not clearly understood by some farms. Separation of workers by contract type will be necessary for future Salary Matrix verification audits, to enable interviews with different types of workers. It is therefore recommended to separate these workers in future versions of the Salary Matrix.
- The guidelines for the Salary Matrix stipulate that management staff need not be included in the Salary Matrix if their wages are well above a living wage. Some farms interpreted this to mean that no office staff need be included. In some cases, office staff include workers that may earn below a living wage (e.g., clerks, warehouse personnel, cleaners). It is recommended to make the guideline on this aspect more explicit.
- The Salary Matrix requires that only remuneration for regular working hours is entered. This requires the farms to deduct any overtime surcharges from the calculation of wages and from bonuses. This is challenging when payroll systems are not digitized. Moreover, the difference between the remuneration to be entered in the Salary Matrix versus the actually paid remuneration is not always understood by the farms, and in some cases the overtime surcharges were not properly deducted.
- Some farms have informal workers that are not registered in the national social security system. The Salary Matrix does not directly deal with this somewhat common situation. The practice may be illegal in some countries. In countries where it is not illegal, we recommend for auditing that the actual wages be reduced by the amount of social security that would otherwise be paid by the employer, since workers may be legally obligated to pay this amount themselves (regardless of whether they actually do or not).
- Some farms were family farms with less than 5 workers. They did however fill in a Salary Matrix and were looked upon by the consultant. Our recommendation is that for these specific farms an evaluation of living income would add more value than measuring living wage gap.



Scope and limitations of data validation processes

It is not always possible to check records against the Salary Matrix data when performing a remote data validation. Three predominant factors limited document review:

- 1) some farms keep records in hard copy and filed in a separate location;

- 2) the person in charge of records was not always available for the interview; and
- 3) IT issues prevented some farms from accessing their electronic records at the time of the interview.

In some cases, the Excels were not provided ahead of time to the consultants, which limited the full data validation. During the interview 1 or 2 entries per job category could be checked online, but not the entire data set.

All in all we want to express our gratitude for the cooperation and transparency shown by all farms and suppliers involved as well as their effort to provide us with data, be available for an interview and share their experiences in this living wage process.

We thank CBL and the retailers for allowing us to this remote data check.



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ANNEX TO CBL REPORT

Salary matrixes received directly from the farm/supplier

Supplier	Country	# of farms	Sample-plan	SM in pdf rec.	Excel rec.	Checked	Interviews	Selected Farms	Who	Planned	Done	Issues with impact on gaps /
Tropical Fruit	Ecuador	10	10	10	10	10	1	1002011	A	01-02-2022	X	Hours need checking + 1 worker showing a small gap. After further investigation by the farm the minimal difference was found and solved. In future this female worker will receive payment to avoid that this minimal gap arises again. Proof of payment was received.
Fyffes-Uniban	Colombia	94	45	11	0	11	2	1001178 + 1001191	M	10-02-2022	X	Partial validation since SM manager not present. Solved in second conversation with person responsible for working the tool
Fyffes-Banasan	Colombia	15	13	13	13	13	1	2001009 /+200103	M	10-02-2022	X	Remuneration of rest days is not included in wages and paid holidays as bonus

Note: some farms / suppliers deliver to more than 1 retailer

A = Anna Buxaderas
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First interview done jointly to align on how to do the validation

Farm selection based on most common errors found (compared to other matrixes from that supplier) + to be different from those interviewed last year.