

Measuring Progress to Close Living Wage Gaps

February 4, 2025

GLOBAL
LIVING WAGE
COALITION



Worker in banana factory © Rainforest Alliance

Fisherman © Aquaculture Stewardship Council

Farm and farm vehicle © UEBT

Manager with tea in Kenya © Rainforest Alliance

- This event has live interpretation in Spanish and French. Click on 'interpretation Email callum@isealalliance.org
- This event will be recorded and published on the GLWC website

Koen Voorend

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Anker Research Institute (ARI)



- We want to hear from you! Write your **questions using the Q&A** function at the bottom of your screen.
- Escribir sus preguntas en el “Q&A” (en la parte inferior del Zoom pantalla) en el idioma de tu elección.
- Écrivez vos questions en appuyant sur le bouton « Q&A » (en bas de l'écran) dans la langue de votre choix.



Agenda

Kristin Komives (ISEAL)	Opening Remarks: Reflection on living wage progress to date and importance of measuring progress
Marcelo Delajara (ARI)	Developing a methodology for measuring living wage progress
Christie Daly & Christopher Lamoureux (SAI)	A framework for assessing performance and progress by companies
Debora Rosado (FTUSA)	Encouraging Certificate Holders to Understand and Use Living Wage Calculation Tools
Petter Forslund (PLWF)	Investor perspective on assessing living wage performance
Daantje Bras (CNV)	Fostering a bottom-up approach to ensure living wages for all
All	Panel Discussion

What is the Global Living Wage Coalition?

**GLOBAL
LIVING WAGE
COALITION**

Vision:

Workers around the world can afford a decent life for themselves and their families.

Mission:

Provide high quality and consistent knowledge and information about living wage levels, implementation, and impact necessary for stakeholders of all types to collaborate in a non-competitive environment toward wage increases globally.

Ambition:

We aspire to be a driving force for company action, worker empowerment, and government policy to achieve a decent standard of living for working people and their families.



A unique knowledge and action partnership

GLOBAL
LIVING WAGE
COALITION

ANKER
RESEARCH
INSTITUTE

GLOBAL
LIVING WAGE
COALITION

Action Network

- Working to generate knowledge to improve the living standards of working people and their families to a decent level throughout global supply chains, with the support of a global network of researchers and institutions.
- A platform for living wage action, advocacy and learning, grounded in the Anker Methodology.
- Members are dedicated to implementing living wage strategies, sharing knowledge, and advocating for alignment around living wage definitions, measurement, and living wage values.

GLWC Action Network members

GLOBAL
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COALITION

Lead Members



Supporting Members



Partners



Reflection on Living Wage Progress to Date and Looking Ahead

Kristin Komives
Director of Programmes
ISEAL



Developing a Methodology for Measuring Living Wage Progress

Marcelo Delajara

Deputy Director & Senior
Researcher,

Anker Research Institute (ARI)





Developing a Methodology for Measuring Living Wage Progress

Marcelo Delajara

GLWC Dialogue 2: “Measuring Progress to Close Living Wage Gaps”

February 4, 2025

Measuring progress: the gap with the living wage

- As requirements and commitments on the Living Wage (LW) grow, companies increasingly need to **measure and report on progress**. Claims need to be **credible** and backed up with **robust data**.
- Having a **credible LW estimate** and **sound wage assessment tools** to estimate and monitor changes in the gap with the living wage is the first step, and probably the most important.
- However, while tracking the evolution of the gap with the LW is a necessary condition to conclude about progress, it might not be enough to conclude about compliance with a plan of action.
- We **need to avoid yes/no type of measurement and in/out response**. It will take time to close LW gaps, even with strong commitment.
- We also **need to prevent unintended negative consequences**.
 - Pushing out smaller, poorer farmers and informal workers.
 - Further marginalizing poor countries with large LW gaps from the global economy.

The importance of quality LW and PW data

- The **accurate estimation of gaps with the LW** depends on both the quality of the estimation of the LW, and the proper assessment of the PW.
- For a successful LW strategy, business need **LW estimates that have certain essential features**; therefore, which methodology they choose to follow should be based on an assessment of the quality of the LW estimates.
- Likewise choosing **approaches and tools to measuring the PW** should be based on their capacity to handle the many technical and practical challenges involved.
- **Stakeholders cannot base their action plan on changes in the gap** with the LW that are **driven by changes in factors different to the actual cost of living or actual wages paid**.
- ✓ Negligent or unmonitored changes in the way the data is sampled, collected and analyzed is often a main reason for the lack of stability and comparability of LW and PW estimates.

Key qualities of a LW indicator

- Characteristics of reliable LW estimates:
 1. **Comparable** across geographies and over time. The LW changes with the level of development and with the overall cost of living.
 2. **Reflect the reality** on the ground, not an assumed foreign standard of living. The LW should be derived from consumption patterns defined according to local needs and habits.
 3. Subject to **strict quality controls**. A LW estimated by local research teams, using standardized tools and templates, and disclosing decisions and procedures ensures accuracy and consistency.
 4. **Accepted and recognized** by a wide range of stakeholders. This guarantees that the LW can actually be used in wage setting processes and agreements.
 5. **Aligned with ILO principles** for measuring LW, which focus on the sources and quality of the data and the validity and transparency of calculations and formulas.

Critical aspects of a PW indicator

- Prevailing wage estimates are accurate and realistic as long as:
 1. **Basic wages** during regular hours have been **correctly identified and measured**.
 2. **Bonuses** included in the estimation actually **apply to all workers, and are paid regularly**.
 3. **In-kind benefits reflect the replacement costs** for workers, rather than the total cost of provision for the employer.
- They are reliable if **assumptions and decisions about technical and practical issues**, such as the type of workers analyzed, the sampling methods used, and the availability of data on hours and types of payments **are clearly explained and justified**.
- Increasingly, it will also be necessary to **contrast employers' estimates with workers' estimates of the PW**.

Measuring progress: interpreting changes in the gap from one year to the next

Assuming the LW and the PW are correctly updated and estimated every year, it is important to note that:

- A. The PW is affected by **many factors outside control of employers**, such as productivity shocks, minimum wage laws, and indexation practices.
 - B. **A gradual reduction of the gap** with LW, **though at a slow pace**, can also be a **symptom of a lack of commitment** towards a plan of action for paying the LW.
- ✓ However, it will be difficult to distinguish A from B solely from the observation of the evolution of the gap with the LW.
 - ✓ Therefore, gap analysis and monitoring should be complemented by other indicators of progress associated with due diligence, such as proofs of adoption of LW policies, evidence obtained from tracking implementation, and regular reports on commitments and actions.



Thank you !

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www.globallivingwage.org

A Framework for Assessing Performance and Progress by Companies



Christie Daly

Director, Corporate Programs

Social Accountability International (SAI)

Christopher Lamoureaux

Senior Manager, Standards & Impacts

Social Accountability International (SAI)





SAI Social
Accountability
International

Human Rights@Work

Advancing the Human Rights of Workers Around the World

SAI and Living Wages

February 4th, 2025

SAI and Wages

- Living Wages have been part of SA8000 system since beginning
- Early review of bonuses and benefits
- Co-Founder of the GLWC
- Anker Research Institute
- Delivery of Living Wage trainings, tools and resources
- Conducting of CW training and assessments system wide



Living Wage Learnings and Challenges

SA8000 Certification

- Living Wages are a process, not a destination
- Hard requirements lead to obfuscation of performance
- Significant capacity and structural issues must be addressed before measurement is possible
- Only transparency and trust will lead to improvements for workers

Moving Forward

- Ensure our programs, including SA8000, **meet organizations where they are at** and only require what they are capable of.
- Assess the process to determine compliance to the Standard
 - The number is only an indicator of effectiveness
- **Focus on providing tools and resources** that companies need to ensure their process is described and implemented effectively



SAI Corporate Programs and Living Wage

Challenges faced by Companies

- **Lack of internal knowledge**, allocation of resources, and/or senior leadership commitment to take action
- **Inaccurate assessments** of current wages, resulting in misleading or incorrect understanding of wage gaps
- **Lack of clarity** on emerging regulatory requirements
- **Complexity of supply chains** and variety of stakeholders/actions needed to close LW gaps
- **Combination of challenges** can result in inaction and lack of progress

How Companies are Taking Action

- **Trainings** for internal teams and suppliers
- **Current wage assessments**
- **Gap assessments** – internally and for supply chain
- **Concrete tools, guidance, calculators** to help with wage planning and IKB offerings
- **Assessing purchasing practices** and how improvements can help close wage gaps
- **Developing practical strategies** with realistic timelines
- **Collective action** – sharing knowledge with peers (ARI Corporate Sponsor Program)

Anker Research Institute Corporate Sponsors

Group of diverse companies committed to advancing research and action on living wage

- Support ARI's leading-edge living wage and living income research as a public good
- Participate in interactive webinars and group discussions with global experts and likeminded companies
- Provides a platform for companies to engage and learn from peers, regardless of where they are in their LW journey

Encouraging Certificate Holders to Understand and Use Living Wage Calculation Tools by Introducing Reporting Requirements, Providing Capacity Building Support

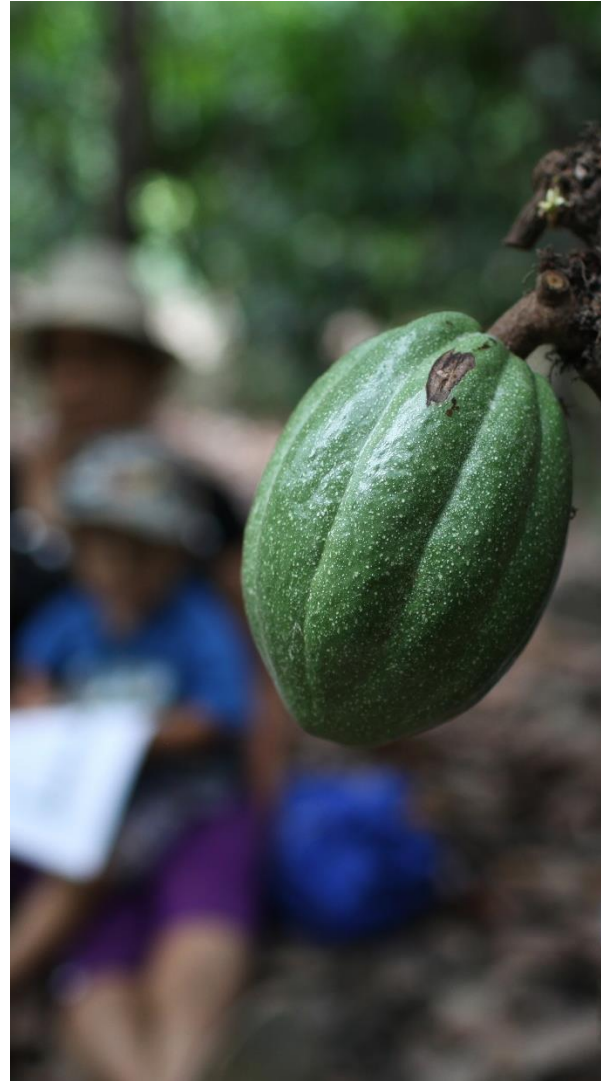
Debora Rosado
Director, Standards and Implementation Resources

Fairtrade USA





Fair Trade USA's Living Wage Approach



February 4, 2025

Fair Trade USA Standards



- The **Agricultural Production Standard (APS)** applies to all agricultural products, including dairy & aquaculture



- **Capture Fisheries Standard (CFS)** is specifically designed for wild-capture fishers



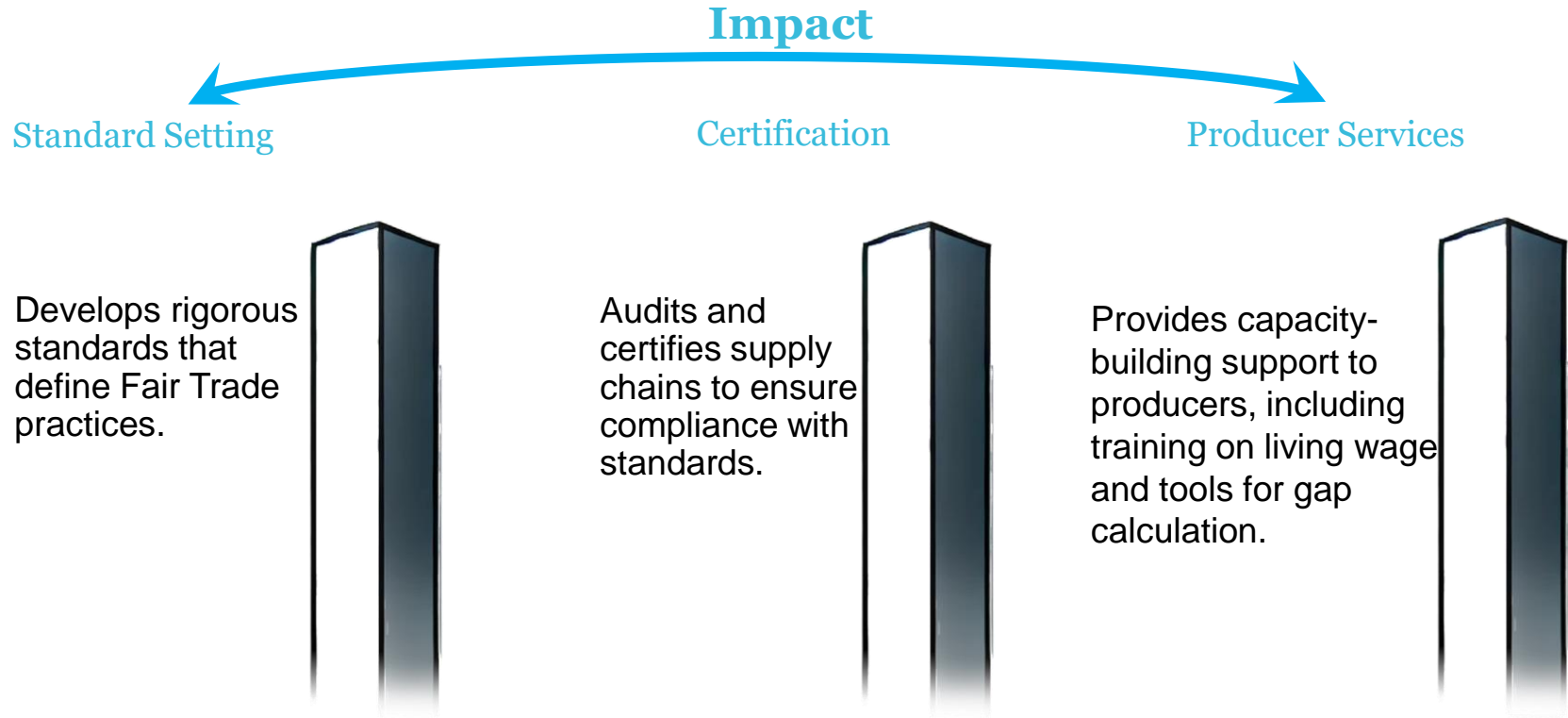
- **Factory Production Standard (FPS)** governs responsible practices at factories



- **Trade Standard** guides licensed traders (exporters, importers and brands) in adhering to Fair Trade principles across all industries



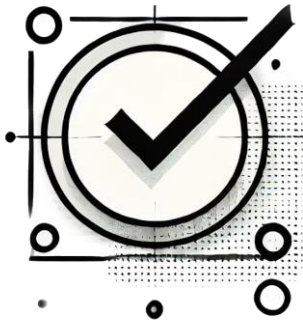
The Fair Trade USA Program



Living Wage Requirements in Standards

Knowledge of Living Wage

Employers must demonstrate knowledge of the living wage in their region.



Benchmarking

Gap analysis must use approved benchmarks against reference value.



Transparency

Information accessible to workers.



Regular Updates: Gap analysis updated every three years.

Living Wage Continuous Improvement

Living Wage Improvement Strategy

Required by the APS (for farms) if wages are below the living wage. It should outline opportunities and timelines for increasing wages and benefits, aiming to close the gap.

Living Wage Improvement Plan & Verified Living Wage:

Recommended as a best practice in FPS standards to gradually increase compensation over time, with the goal of achieving a living wage and demonstrating that employers are paying a living wage.

Consultation:

Both standards recommend a collaborative approach in developing and implementing the Living Wage Improvement Plan, involving worker representatives, brand partners, and other stakeholders.



Tailored Living Wage Approaches for Different Sectors

Factory Sector (FPS):

- Typically, factories have greater capacity to understand and calculate their living wage gap due to more structured operations and access to resources.
- The FPS reflects this by requiring a more immediate approach to living wages, including compliance with legal minimum wages or those set by collective bargaining agreements whichever is higher.
- Best practice encourages paying a verified living wage.



Tailored Living Wage Approaches for Different Sectors

Agriculture Sector (APS):

- Organizations in agriculture often require more support in understanding and analysing the living wage gap due to diverse production models, varying capacities, and limited resources.
- The APS adopts a continuous improvement model, focusing on progress toward a living wage over time through capacity building and support in understanding and closing the gap.
- The upcoming APS revision will introduce mandatory reporting on the living wage gap, workforce, and working hours to facilitate data analysis and targeted interventions.

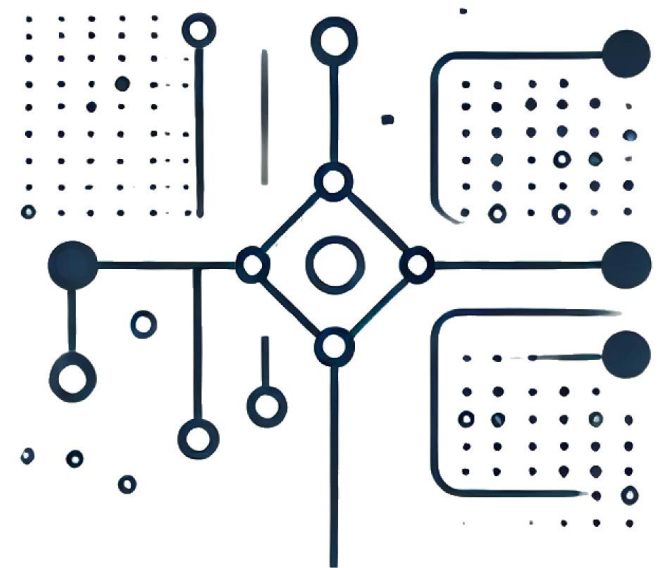


Data-Driven Action on Living Wages

The APS revision strengthens living wage requirements with mandatory reporting on wage gaps, workforce composition, and working hours, providing insights for targeted interventions.

Explanation of Data's Contribution:

- **Workforce Composition:** Understanding the demographics of the workforce, including gender, age, and employment status, helps identify potentially vulnerable groups who may be more likely to experience a living wage gap.
- **Working Hours:** Data on working hours, including overtime, reveals whether workers can meet their basic needs within a standard workweek or if they rely on excessive overtime to make ends meet. This information can inform strategies to improve wage levels or reduce working hours to ensure a decent standard of living.



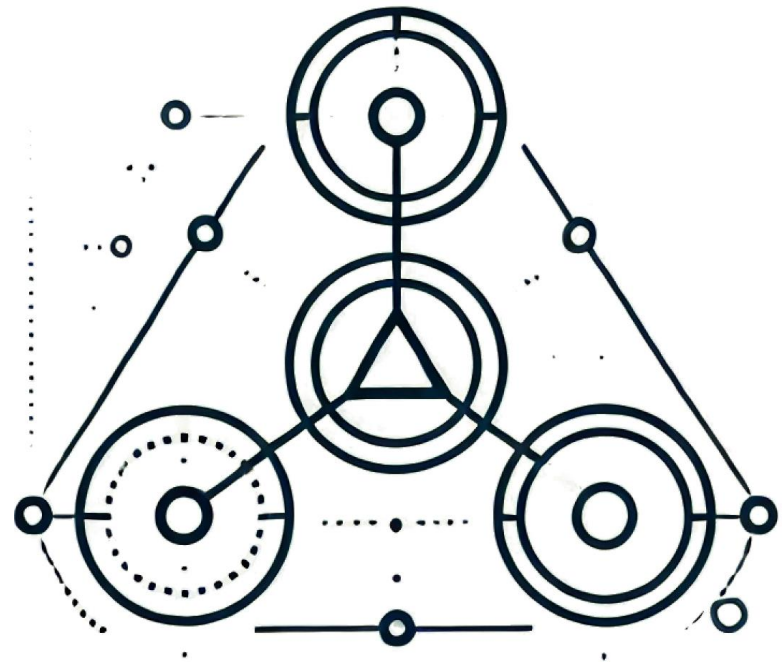
Fair Trade USA's Comprehensive Approach on Living Wages

Core Components:

- * Combines standard requirements, certification, and producer services.
- * Strengthens living wage provisions with the APS revision, including mandatory reporting on wage gaps, workforce and working hours.

Key Elements of Living Wage Strategy:

- * Incentivizes a continuous improvement approach to proactively plan and act on living wage increases.
- * Empowers producers with tools like the IDH salary matrix to effectively measure and analyse living wage gaps.
- * Uses Anker living wage reference prices for comparability and transparency.





Thank you

Investor Perspective on Assessing Living Wage Performance

Petter Forslund

Engagement Manager, **AP2**

Member, **Platform Living Wage
Financials**



Platform Living Wage Financials



Turning Commitments into Action: Defining the future for a Living Wage

www.livingwage.nl

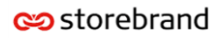




Why living wages?

**Why living wages from
an investor perspective?**

Platform Living Wage Financials: 24 Members



Founded in 2018
7 years of
collaboration,
assessments
and
engagement

From 8 to 24
members and
EUR 7 trillion
(AUM)



Developments

- *Moving from policies to impact on the ground*
- *Data driven approach*
- *How does the PLWF evolve?*

Macro



- *The Landmark Agreement on the issue of Living Wages by the ILO*
- *CSDDD explicitly mentions living wages*
- *Call to action on Living Wages at the World Social Summit*

This years results – in short



- *Garment and textiles sector show some progress*
- *Food, Agriculture and Retail show no uniform movement*

Fostering a bottom-up approach to ensure living wages for all

Daantje Bras

Fundraiser and Partnership Coordinator

CNV Internationaal





Measuring Progress on Living Wages: A Bottom-Up Approach

Daantje Bras - Partnership Coordinator
CNV Internationaal



Unions as a key stakeholder

- Unions in a unique position to drive real change when it comes to wages
- Unions represent the voice of workers, reflecting real-life needs of workers
- Unions organise workers collectively, negotiate binding agreements (CBAs) and can hold employers accountable

Platte tekst

Worker-voice data collection

Step 1: Measuring the Living Wage gap

- Development of worker-voice survey together with the Anker Research Institute to understand the real cost of living, including e.g., access to a healthy diet, healthcare accessibility, and housing
- Measure the gap of the difference between actual wages and what is needed for a decent living
- Empowering unions (and workers) with data to inform their collective voice

Worker-voice data collection

Step 2: Informing negotiations and agreements

- Data to inform social dialogue processes with employers and policymakers
- Strengthens collective bargaining processes, ensuring wage demands are realistic, fact-based and difficult to ignore
- Worker-driven data increases the union's leverage as it paints a real picture of the situation workers are in
- **Worker-voice data collection on regular cycles provides the opportunity to measure the progress to living wages, and hold employers accountable to comply with Collective Bargaining Agreements**

Strengthening union membership & workers' rights

- Worker-voice tools provides unions with factual data on the working conditions empowering unions to push for more changes and enable them to measure the progress
- Successful wage improvements = stronger unions = improved working conditions
- Sustainable cycle of progress creating a more decent standard of living **and** adhering to EU and US legislation (CSDDD, forced labour ban, etc.)

Worker-voice data to impact end-users downstream

- Collecting real wage data from workers and making it accessible to all stakeholders in the supply chain, it provides;
 - **Transparency** on wage violations;
 - **Accountability** since consumers, investors and labour law enforcement are able to view real time wage data;
 - **Key information** to take practical steps to fulfill sustainability policies at end-user companies.
- Engagement of unions with end-users can cause for 1) support for fair pricing for suppliers paying a living wage, 2) including living wage clauses in procurement contracts, and 3) commit to wage transparency and due diligence, which can all be measured by the worker-voice tool.

Power of data-driven unions to measure progress to living wages

- Worker-voice data creates wage demands that are credible, sustainable and enforceable >> data collection cycles demonstrate the progress of wages
- Using worker-voice data tools to measure progress and ensuring real impact >> progress to improving wages is also the agreement between employee and employer to get to better wages
- Data and dialogue can turn evidence into action, and action into better wages!

Panel Discussion

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Perspectives shared by:



Marcelo
Delajara,
**Anker Research
Institute**



Christie Daly,
**Social
Accountability
International**



Christopher
Lamoureux,
**Social Accountability
International**



Petter Forslund,
AP2 & PLWF



Debora Rosado,
Fairtrade USA



Daantje Bras, **CNV
Internationaal**

Moderated by:



Koen Voorend,
**Anker Research
Institute**

What can you do next?

All

- Join the GLWC mailing list and visit our website
- Stay updated and receive high quality benchmarks on living wages

Visit:

<https://www.globallivingwage.org/subscribe/>

Companies and Workers

Use the benchmarks for knowledge and action – make a change / ask for change!

Visit:

<https://www.globallivingwage.org/>

What can you do next?

Companies

Invest in high quality benchmarks.

Email ARI:
[inquiries@
ankerinstitute.org](mailto:inquiries@ankerinstitute.org)

Advocacy Groups, Researchers, Consultants

Read, share, and use the benchmarks for your work.

Visit
[www.globallivingwage
.org](http://www.globallivingwage.org)

Standard-setters, Nonprofits

Join the GLWC!

Email us: [glwc@
globallivingwage.org](mailto:glwc@globallivingwage.org)

We want to hear from you!

- Please take a moment to respond to our poll to help us plan future GLWC events.

GLWC Shared Principles

**Alignment
around the Anker
Methodology**

**Continuous
improvement and
innovation**

**Research and
action together**

Transparency

Collaboration

**Support for
collective
bargaining**

Measuring Progress to Close Living Wage Gaps

February 4, 2025

Thank you for joining us!



Farmer collecting coffee crop © Rainforest Alliance



Farmer collecting crop © UEBT



Grafting cacao saplings © Rainforest Alliance



Coffee in Mexico © Rainforest Alliance