

Wages

“One of the fundamental human rights is the right to a just remuneration that ensures an existence worthy of human dignity”. This is built into the preamble of the constitution of the ILO and illustrates the importance of the issue of fair wages to a range of other labour and human rights. International labour rights include a large array of human rights including the right to an adequate standard of living (Art. 25 of the [Universal Declaration of Human Rights](#), and Art. 11 of the [International Covenant on Economic, Social and Cultural Rights](#)), as well as fundamental labour rights such as freedom of association, equal opportunity and protection against discrimination.

Receiving adequate remuneration, i.e. a fair wage, is closely linked to securing other human rights, since insufficient wages can, for example, lead to an increase in child labour or excessive overtime for workers. It is of such importance that the preamble of the [ILO Constitution identifies a living wage](#) as a central aspect of achieving universal and lasting peace.



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While there is no clear authoritative definition of what amounts to a living wage it is considered to be “[a wage from full-time work that allows people to lead a decent life considered acceptable by society](#)”. As such, a living wage must be sufficient for the basic needs of workers and their families. A company may adversely impact the right to a living wage and the right to an adequate standard of living by failing to ensure that employees can live a decent life with the salary they earn from full-time employment.

Companies should not only ensure living wages for their own employees, but also for contracted labourers and throughout their supply chains by exercising their leverage vis-à-vis business partners. In cases where companies lack the necessary leverage to address this, often systemic, issue on their own, they should consider joining forces with other companies or taking part in multi-stakeholder initiatives that can better address the root causes. Companies should ensure the [freedom of association](#) of their workers since well-functioning trade unions can help achieve fair wages.

The issue of insufficient wages is not only present in poor countries and developing economies, but also in rich and developed countries with elevated average wages. Another human rights issue closely related to the issue of wages concerns the gender pay gap (see [Discrimination and Harassment](#)).

▼ Links to SDGs and targets




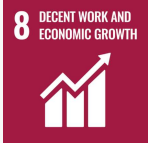


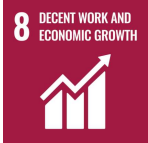


Through the goals on ending poverty (SDG 1), ensuring decent work (SDG 8), reducing inequality (SDG 10) and others, the SDGs recognize that an adequate standard of living – provided for by in this case ensuring workers receive living wages – is essential to ensure that “no one is left behind”.

There are several ways in which companies can act in respect for human rights and the right to an adequate standard of living while contributing to the SDGs. These include: promoting a work environment where supplier employees are safe from physical harm or intimidation if they call for higher wages, providing equal compensation for equal work, and adopting policies that protect workers’ right to organize and negotiate. These distinct activities, as described by targets 8.5 and 10.4, can contribute to the eradication of extreme poverty (1.1).

The above are merely examples of ways in which actions to address low wages can contribute to certain SDGs and is not an exhaustive list of such links.

Cases on Wages

Case brief	Goals	Targets	Due diligence
<p>Producer and buyer cooperate to pay living wages</p> <p>In partnership with Swedish childrenswear brand Mini Rodini and the Fair Wear Foundation, Egedeniz Textile, a medium-sized producer supplying to brands in the US, Japan and Western Europe, launched its Living Wage Project in June 2016, after deciding to prioritise the provision of a living wage to its workers. One way in which the Living Wage Project achieves a living wage is by charging an €0.18 per garment premium to its buyers. This premium resulted in a 14% wage increase in the lowest monthly salaries. [case study]</p>	<div><div>1NO POVERTY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div></div>	<div><div>1.1</div><div>8.5</div><div>8.8</div><div>10.1</div><div>10.4</div></div>	<div><div>Integrating and acting upon findings</div></div>
<p>Companies commit to living wage</p> <p>Several companies, such as KPMG, Nestlé, Burberry, Aviva and IKEA, support the UK-based Living Wage Foundation's campaign and commit to pay its "real Living Wage". The Living Wage, which is calculated annually by the foundation, meets the real cost of living in the UK generally, and in London specifically. In 2016 IKEA invested £11 million in the campaign and commented that, "From stepping onto the property ladder to affording holidays, we've witnessed the huge impact and positive contribution the real Living Wage has had on our co-workers lives".</p>	<div><div>1NO POVERTY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div></div>	<div><div>1.1</div><div>8.5</div><div>8.8</div><div>10.1</div><div>10.4</div></div>	<div><div>Integrating and acting upon findings</div><div>Stakeholder engagement</div></div>
<p>Major ice cream brand pays a premium to support dairy workers</p> <p>The Milk with Dignity campaign brings together dairy farm workers, farmers, milk buyers and consumers in the US to achieve improvements in wages, scheduling, housing and</p>	<div><div>1NO POVERTY</div></div>	<div><div>1.1</div><div>8.5</div><div>8.8</div><div>10.1</div></div>	<div><div>Assessing impacts</div><div>Integrating and acting upon findings</div></div>

Case brief	Goals	Targets	Due diligence
<p>health and safety in supply chains. To support improved working conditions, farm owners receive premiums from the buyers. One such buyer is Ben & Jerry's which, in 2018, committed to the Milk with Dignity programme and signed a legally binding contract to implement a worker-driven human rights programme. Milk with Dignity Standards Council, an independent non-profit with this sole function, will enforce the agreement by auditing Ben & Jerry's supplying farms' compliance with the code of conduct, resolving worker grievances, and creating improvement plans to address identified violations.</p>	 	10.4	Tracking and monitoring Stakeholder engagement Access to remedy
<p>Retailer supplies bananas directly from producers</p> <p>In response to the censure of the UK's Groceries Code Adjudicator, and in an attempt to have greater visibility and influence throughout its supply chain, Tesco began to supply bananas directly from producers. In 2014 the company reported that it ensured all banana growers were paid, on average, 6% above the Fairtrade minimum price and in 2017 it committed to paying the living wage as defined by the World Banana Forum to banana workers on its dedicated farms.</p> <p>The World Banana Forum was established through the efforts of representatives from banana grower organisations, exporter associations, multinational and national trading companies, trade unions, supermarket chains, governmental organisations and NGOs. Its Living Wage Advocacy Initiative was a pilot project implemented in the banana-producing countries of Ecuador and Ghana with the aim of establishing living wage benchmarks that can be used for future wage negotiations and minimum wage-setting interventions in the banana sector of each country. One of the project's objectives is to increase stakeholder commitment by engaging with, and empowering actors in closing the gap between actual wages and living wages through advocacy activities with governments and trade unions. Since 2014 the programme has expanded to include suppliers in Colombia and Costa Rica.</p>	  	1.1 8.5 8.8 10.1 10.4	Corporate commitment Assessing impacts Integrating and acting upon findings Stakeholder engagement
<p>Industry initiative produces enforceable agreements</p> <p>In 2015, following the 2013 Rana Plaza factory collapse, international brands, retailers and trade unions in the garment industry launched the ACT (Action, Collaboration, Transformation) initiative in order to “transform the garment and textile industry and achieve living wages for workers through industry-wide collective bargaining linked to purchasing practices”. What is said to be one of the most significant components of the ACT is the industry-wide collective bargaining between employers and unions of registered and legally enforceable agreements at the national level. The collective bargaining feature was added to ensure that “workers in the garment and textile industry within a country can negotiate their wages under the same</p>	   	1.1 8.5 8.8 10.1 10.4 16.10	Integrating and acting upon findings

Case brief	Goals	Targets	Due diligence
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conditions, regardless of the factory they work in, and the retailers and brands they produce for”. [case study]

Transnational company commits to fair wages

Unilever has adopted the [Framework for Fair Compensation](#) to ensure that pay for employees is set at a level that is both fair and liveable and that provides equal pay for equal work. The framework applies to Unilever's direct employees and the company is seeking to extend this concept to its suppliers through its responsible sourcing policy. The [Responsible Sourcing Policy](#) sets mandatory requirements that the company's suppliers must fulfil in relation to fundamental issues such as fair wages, reasonable working hours, collective bargaining and health and safety. The policy includes guidelines for continuous improvement and a mechanism for reporting breaches.

   	1.1	Corporate commitment
	8.5	Assessing impacts
	8.8	
	10.1	Integrating and acting upon findings
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	16.10	Tracking and monitoring
	16.b	Stakeholder engagement
		Access to remedy



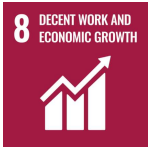


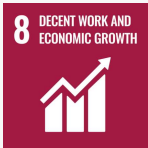
Retail company gets behind collective bargaining for workers in its supply chain


In 2016 German retail company Tchibo and IndustriALL signed [a framework agreement](#) that would empower and strengthen the rights of workers in countries where Tchibo sources its merchandise to bargain collectively for wage increases, social benefits, and working hours throughout their roles in the company. The agreement was intended to affect all workers in the operations of the multinational company and aims to significantly improve the freedom of association and level of worker involvement throughout the company's workforce. As of 2018, the global framework agreement is still in place.

   	1.1	Assessing impacts
	8.5	
	8.8	Integrating and acting upon findings
	10.1	
	10.4	Access to remedy
	16.6	
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According to a 2017 [report](#), Tchibo (among others) pulled out of the [Dhaka Apparel Summit](#) due to deteriorating labour rights in the Bangladeshi garment industry. The same year, [the Global Deal Partnership](#) produced a thematic brief that [highlighted](#) the unique instance of a trade union at an Ethiopian factory of Turkish Ayka, one of Tchibo’s textile suppliers. The report states that Tchibo had helped to create an environment conducive to trade unions.

A 2018 "lessons learned" [report](#) from the ILO notes that the framework agreement signed by Tchibo includes provisions that require the company to work on issues of minimum wage, working hours, occupational health and safety, etc. both with their suppliers and their subcontractors.

Case brief	Goals	Targets	Due diligence
<p>Retail food companies join partnership to eliminate labour abuses and ensure fair wages in agriculture</p> <p>The Fair Food Program (FFP) is a partnership of farmers, farm workers, and retail food companies. The partnership's goal is to ensure liveable wages, humane working hours and working conditions free from discrimination, harassment and violence. Fourteen buyers, including Walmart, Subway, Whole Foods, McDonald's, Burger King and Chipotle, participate in the FFP, and the programme is constantly expanding.</p> <p>Buyers that participate in the FFP pay a Fair Food Premium that comes on top of the regular costs of produce. In this way, the Fair Food Premium sets out to ensure that farmworkers earn a living wage.</p> <p>The FFP also operates a toll-free complaint line to monitor compliance with the Fair Food Code of Conduct by the farmers. The complaint line is manned by a bilingual Fair Food Standards Council (FFSC) investigator on a 24/7 basis.</p> <p>Via the FFP's complaint resolution mechanism, workers can submit confidential complaints about labour conditions and possible rights violations. The Fair Foods Standards Council (FFSC) investigates the complaint and then issues a corrective action plan. When necessary, a farm's Participating Grower status is suspended, which suspends its ability to sell to Participating Buyers.</p> <p>Immokalee, Florida – where the Fair Food Program is based – was designated the "ground zero of modern slavery" as recently as 1993. The implementation of the FFP has substantially changed the working conditions of agricultural workers, and such a designation is no longer appropriate. [case study]</p>	 	<div>1.1</div> <div>8.5</div> <div>8.7</div> <div>8.8</div>	<p>Integrating and acting upon findings</p> <p>Tracking and monitoring</p> <p>Stakeholder engagement</p> <p>Access to remedy</p>
<p>Collective bargaining towards living wages for tea workers in Malawi</p> <p>Various groups along the Malawian tea value chain convened in 2015 to solve problems surrounding worker wages. The Malawi Tea 2020 Revitalisation Programme is a coalition of tea producers that works in conjunction with the government to review the wage-setting process. It allows more flexible collective bargaining between workers and employers and ensures that worker perspectives are part of determining fair wages and standards of labour. Malawian tea plantation workers now receive 40% more than the country's minimum wage as a result of the programme. [case study]</p>	 	<div>8.5</div> <div>8.8</div> <div>10.4</div>	<p>Corporate commitment</p> <p>Assessing impacts</p> <p>Integrating and acting upon findings</p>
<p>Clothing retailer implements industrial relations strategy to achieve living wages</p> <p>H&M enacted a Fair Living Wage Strategy in 2013. The strategy includes workplace dialogue and industrial relations programmes that seek to promote positive communication between workers and employers around wage negotiation,</p>	 	<div>1.1</div> <div>8.5</div> <div>8.8</div> <div>10.4</div>	<p>Corporate commitment</p> <p>Assessing impacts</p> <p>Integrating and acting</p>

Case brief	Goals	Targets	Due diligence
<p>working hours, labour conditions, trade unions and freedom of association. The strategy defines a living wage as “a wage which satisfies the basic needs of employees and their families and provides some discretionary income such as savings”. [case study]</p> <p>Beyond workplace dialogue, the main components of the strategy include: the Fair Wage Method for sustainable and holistic pay structures, strategic and industry-wide collaboration, and government engagement. As of 2018, 450 factories working with H&M – 52% of H&M product volume – have democratically-elected worker representatives. Additionally, 227 factories working with H&M – 40% of H&M’s product volume – have transparent wage management systems in place.</p>			upon findings Stakeholder engagement Access to remedy

Brands support global garment and textile worker initiative

Global brands and retailers in the garment and textile industry [came together](#) with IndustriALL to form the [Action, Collaboration, Transformation \(ACT\) initiative](#). Comprising 17 brands, ACT stands as a global trade union federation that represents garment and textile workers worldwide and holds the rights of freedom of association, collective bargaining, and living wages to be paramount in the global supply chains of modern industry. [\[Shift case study\]](#)

ACT helps retailers examine their own practices, as ASOS states under their [Ethical Trade Strategy](#): "We’re undertaking an independent review of our purchasing practices within the framework of the Action, Collaboration, Transformation (ACT) initiative on living wage [sic] as well as our own focused research through surveys and interviews with buying and merchandising teams. This will help to highlight gaps in our practices so we can agree actions for improving our purchasing mechanisms".

  	1.1	Corporate commitment Integrating and acting upon findings
	8.5	
	8.8	
	10.1	
	10.4	

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