

# Ensuring decent living wages within the SA8000 program

## LIVING WAGE

What a worker should be compensated for a standard workweek in order to afford a decent living for her/him and her/his family.

## WHY

In its socially responsible endeavours, an organization seeking to comply with SA8000 commits to a remuneration strategy that allows its personnel and their families a decent living level.

## WHAT

The requirement on meeting the Living Wage is provided by SA8000 clause 8.1, with additional clarification in SA8000 Performance Indicator Annex and Guidance in SA8000 Guidance Document.

## WHO

Both the SA8000 certified organization and the SA8000 audit team will have a defined methodology and a calculated Living Wage value.



## Why a Living Wage?

The SA8000® Standard was the first social responsibility standard to integrate the concept of living wage in 1998. Since then, SAI remain committed in promoting the adoption of the living wage within its certified community.

By implementing, certifying and maintaining an SA8000 management system, the compliant organization commits itself to adopt a living wage that meets workers' basic needs to maintain a safe decent standard of living for them and their families.

## Who is Responsible for determining and using the Living Wage value?

**The SA8000 Organization** shall determine the Living Wage value applicable for its particular place of operation and compare it with the remuneration earned by its personnel to identify whether there are any gaps to be acted upon.

**The SA8000 Audit Team** shall determine the Living Wage applicable for the Organization's region of operation and compare it, during the audit, with the Organization's value and with the actual remuneration of the Organization's personnel (on a sampling basis)

## What is the Living Wage?

Remuneration received for a standard workweek by a worker in a particular place, sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, closing and other essential needs, including provision for unexpected events. [Definition by Global Living Wage Coalition]

The Living Wage is a minimum value and should be essentially the same for all workers working in a particular region, regardless of position, type of contract and industry sector.

The Living Wage value may be different from the minimum wage enforced by governments or the minimum wages negotiated through collective bargaining agreements.

The Living Wage is not equivalent with the poverty line as it needs to provide for some discretionary income and provisions for unforeseen events.

The Living Wage is calculated to support not only the individual but also part of its family (proportional with the number of working parts in the family).

## What is the SA8000 requirement related to the Living Wage?

### SA8000 Clause 8.1

The organisation shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable). **Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income.**

**SA8000:2014 Performance Indicator Annex Clause 8** provides additional clarifications on the requirement.

**SA8000:2014 Guidance Document Clause 8** provides additional guidance on the requirement.

**HOW**

Establish own documented methodology (procedure) and calculate the living wage value. Balance the calculation against quantitative factors. Compare the Living Wage value with the actual wages earned by personnel. Determine any gaps and define improvement action plans to be implemented.

**ADDITIONAL RESOURCES**

- There are multiple sources of information to assist you in implementing the process:
- SA8000 Standard, Performance Indicator Annex and Guidance Document
  - SAI Website <http://www.sai-intl.org> Living Wage
  - SAI Webinars on Assessing Current Wages and Living Wage
  - Living Wage Coalition <https://www.globallivingwage.org>
  - National Statistic institutes (e.g. Italy <https://www.istat.it/it/dati-analisi-e-prodotti/contenuti-interattivi/soglia-di-poverta>)
  - Fair Wear Wage Ladder <https://fairwear.force.com/livingwage>
  - Living Wage Foundation <https://wageindicator.org/salary/wages-in-context>

**How to determine the Living Wage?**

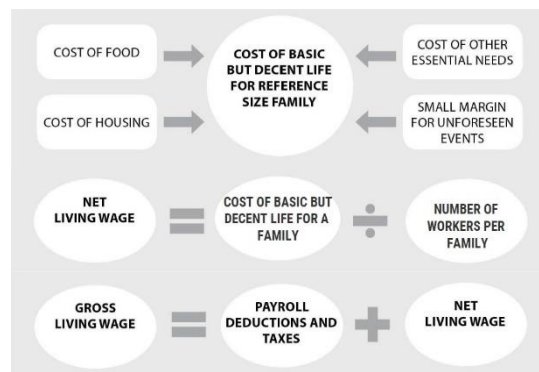
Organizations need to establish their **own documented methodology** and needs to determine, validate and update the living wage value for their own specific context considering the figure below.

**Quantitative factors**

- Assess worker expenses
- Assess average family size in the area
- Analyze the typical number of wage earners per family
- Analyze official statistics on poverty levels

**Qualitative factors**

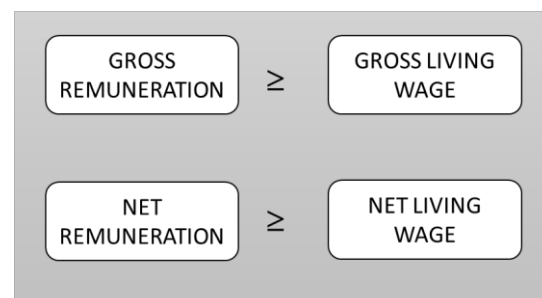
- Consultation with workers to understand whether workers' wages are sufficient to cover the basic needs for themselves and their dependants, using as a reference the values obtained from the quantitative analysis.



**How to use the Living Wage?**

The living wage value resulting from the application of the SA8000 organization's defined methodology shall be compared with the remuneration actually earned by its personnel (results need to be documented).

Remuneration is understood as all the compensation received by a worker in exchange for work or services perform.



SAI (the creator of the SA8000 standard) is member of the Global Living Wage Coalition (GLWC) and has adopted the Anker methodology for determining the Living Wages. Currently GLWC is working towards establishing reliable benchmarks (values) for specific regions, to be made available to organizations and auditors so they do not have to create their own estimates. The Anker Methodology benchmarks are in no way intended to supplant collective bargaining. The GLWC benchmarks are not yet the official living wage requirement for SA8000 certification. SAI will complete a gap analysis of the current living wage calculations and the benchmarks and then provide specific guidance for certification bodies and certified organizations on how to use the benchmark for certification.

**How will it be audited?**

The IQNet Ltd audit will:

- evaluate the organization's remuneration policy, strategy and objectives to determine the fulfillment of SA8000 criteria;
- evaluate the organization's living wage procedure (methodology) and resulting value to determine whether it is adequate, accurate and realistic;
- compare the Living Wage value reached by the organization with its own calculated value;
- sample a sufficient number of cases (pay records) to determine whether the living wage commitment is supported by the organizational practices;
- confirm compliance or raise non-compliances to prompt the organization the need to remedy the identified gap and improve;
- where a case is identified where the organization is meeting the minimum legal or by collective agreement but not reaching the Living Wage level for part of its workers, a time bound non-conformity shall be raised allowing the organization a maximum of 24 months to achieve the living wage. This shall be based on a concrete action plan, satisfactorily reviewed and accepted by the audit team. The progress towards the achievement of the proposed actions shall be evaluated at a 6 months interval.

SERVICES AVAILABLE

- Certification
- Audit
- Training
- Capacity Building