Aligning a company’s practices with the SDGs entails paying living wages to all its workers, and using leverage in the company’s value chain and broader ecosystem to ensure workers are paid living wages and producers earn living incomes. Living wages and incomes are those that afford a decent standard of living for people and their families where they live. The concept of a decent standard of living goes beyond survival or meeting basic needs, and represents the ability to live a healthy life, have physical and social mobility, and participate in one’s community. Elements of a decent standard of living include “food, water, housing, education, health care, transportation, clothing, and other essential needs, including provision for unexpected events.”

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b. Income can refer to total household income, employment-related or labor income, farm income, or crop income. For the purposes of this report, income refers to the total annual household incomes of farming households. “Total household income for a farming household may come from multiple sources – on-farm income sources (net revenues from farming or livestock activities) and off-farm income sources (such as revenue from wage work). Farming families often also grow their own food or timber on their property, which can cover some of the costs of food and housing.” (Source: Kristin Komives et al., “Defining, Calculating and Using a Living Income Benchmark in the Context of Agricultural Commodities: Discussion Note,” May 2015, http://docs.wixstatic.com/ugd/0c5ab3_a78140e754b4b754a7b55e19cd0b583.pdf.)

Not only are living wages and incomes required for workers’ and producers’ dignity to be respected, but achieving living wages and incomes across the value chain supports the adoption and achievement of other socially and environmentally sustainable practices and objectives. For example, producers are unlikely to invest in sustainable agricultural production practices if they cannot earn a margin on current practices, and it is less likely that children will have to work if farms are profitable and farmworkers earn a living wage.

For many of the more than 2 billion people who depend on small farms for their livelihoods, incomes are currently insufficient to support a decent standard of living. An estimated 65% of the world’s poor working adults made a living through agriculture, and large-scale interventions are required to change the conditions that lead to poverty for smallholders. In fact, “farmers’ share of the end consumer price of a typical food basket has decreased by 44% since 1998, while input suppliers, traders, food manufacturers, and supermarkets have all increased their share.” Workers and farmers deserve to receive a fair share of the value they create by feeding the world, and to have the means to live free of poverty and hunger.

Globally, workers throughout the food system, including in processing factories, distribution centers, restaurants, supermarkets, and farms, who are frequently paid insufficient wages to maintain a decent standard of living, are seeking out opportunities in other sectors that pay better. Living wages and incomes would enable workers and producers to remain in the food sector, support the long-term resiliency of food systems, and therefore significantly contribute to reducing risks in the supply chains of food companies.

Nevertheless, living wages and incomes remain a persistent challenge across the food sector, which is partially due to the numerous complexities their achievement presents for companies. Food companies often struggle to grasp the level of responsibility and influence they have in ensuring that farmers and workers earn living incomes. They often burden farmers with most of the risks and costs for implementing living wage and income interventions and provide them with very little voice in their development and implementation. As a result, many of these interventions end up inadvertently excluding the most marginalized farmers and workers, and exacerbating inequalities. For example, living income and wage interventions and benchmarking methodologies that are not gender-sensitive often end up widening gender income gaps. Additionally, complying with the minimum wage in each country of operation is generally not sufficient, as many legal minimum wages are below the amount that would be considered a living wage in a particular place. Contexts where governments fail to uphold their duty to establish policies and programs to address producer and farmworker poverty, do not exempt food companies from their responsibility to respect human rights. Companies are therefore responsible for identifying and changing any practices that contribute to the impoverishment of producers and workers and using leverage to influence actors in their value chains to do the same.

While achieving living wages and incomes across the whole food value chain presents many more challenges, the conditions experienced by a large percentage of its farmers and workers violate the human right to an adequate standard of living. Food companies must therefore work towards achieving living wages and incomes in their operations and value chains to fulfill their responsibility to respect human rights. Moreover, to align themselves with the SDGs, companies should not view the achievement of living wages and incomes as end goals in themselves, but as a step towards enabling producers and workers to earn incomes that secure true prosperity. More broadly, companies that seek to align themselves with the SDGs should contribute to the holistic sustainable development and resiliency of communities, which at times may require supporting and not impeding the transition of workers and producers away from agriculture in regions and for commodities that lack economic viability, and towards better opportunities in other sectors.

**BOX 8: ADDITIONAL RESOURCES AND TOOLS FOR LIVING WAGES AND INCOMES**

- IDH Platform to Secure Living Wages in Supply Chains.
- The Living Income Community of Practice.
- Defining, Calculating, and Using a Living Income Benchmark in the context of Agricultural Commodities.
- Malawi Tea 2020: Revitalization Programme Towards Living Wage.
- Programme for sustainable agricultural supply chains and standards.
SDG-ALIGNMENT: THE STANDARD DIRECTLY CONTRIBUTES TO ACHIEVING THE FOLLOWING SDGS:
This standard indirectly contributes to a wide range of SDGs (including SDG 2; SDG 3; SDG 4; SDG 6; SDG 7; and SDG 11).

SDG 1 – No poverty
Target 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day.
Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

SDG 5 – Gender equality
Target 5.a: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws.

SDG 8 – Decent work & economic growth
Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation.
Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
Target 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour.
Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

SDG 10 – Reduced inequalities
Target 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average.
Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.
Target 10.4: Adopt policies, especially fiscal, wage, and social protection policies, and progressively achieve greater equality.
11. LIVING WAGES & INCOMES STANDARD

STEPS TO MEET THE COMMITMENT

1. ADOPT A POLICY AND EMBED IT INTO GOVERNANCE AND MANAGEMENT SYSTEMS

1.1. ADOPT A POLICY

The board or the most senior level of SDG-aligned companies adopt a policy based on their commitment to respecting the human rights to food and health, including by ensuring food safety across its operations and business relationships. The policy:

- Aligns with and references the international standards listed in Box 9.
- Includes a commitment to pay, and to use leverage to ensure business relationships pay living wages.24
- Includes a commitment to use leverage to ensure producers in their supply chains earn a living income.25
- States that, where the national law of the territory where a company and its business relationships operate differs from international law, the company meets the higher standard.26 In other words:
  - If the legal minimum wage in a territory where a company operates or has business relationships is below the living wage necessary for a worker and their family’s official entitled dependents to meet decent standard of living, including some discretionary income,27 the company pledges to pay, and use its leverage to ensure business relationships pay, a living wage.
  - If there is not a minimum wage regulation in the territory where a company operates or has business relationships, the company pledges to pay or use its leverage to ensure its business relationships pay, living wages to workers.28

1.2. EMBED THE POLICY INTO GOVERNANCE & MANAGEMENT SYSTEMS

To embed the policy, SDG-aligned companies:

- Communicate expectations for implementing the policy commitment internally and externally, including to their workforce, shareholders, subsidiaries’ governing bodies, and business relationships.
- Build the capacity of the internal personnel involved in integrating the policy so that they have the skills to assess business practices against international living wage and living income standards and best practices.34
- Integrate the policy, along with key performance indicators, into their procurement policies, responsible sourcing policies, and in all contract terms with suppliers, clients, and employees.
- Integrate the policy into by-laws, other governance documents (i.e., Code of Conduct, Code of Ethics), and management procedures.
- Ensure their business practices and the incentives they create do not contradict the policy commitment in form or substance.

BOX 9: INTERNATIONAL HUMAN RIGHTS STANDARDS RELATED TO LIVING WAGES AND INCOMES

- Universal Declaration of Human Rights, Article 23.29
- International Covenant on Economic, Social, and Cultural Rights.30
- ILO Protection of Wages Convention No. 95.31
- ILO Minimum Wage-Fixing Machinery Convention No. 26.32
- ILO Minimum Fixing Convention No. 131.33

SUSTAINABLE OPERATIONS PILLAR

SUSTAINABLE VALUE CHAINS PILLAR
2. ASSESS ACTUAL & POTENTIAL IMPACTS

SDG-aligned companies identify and assess actual or potential instances of non-compliance with living wage and income standards in their business operations and value chain on an ongoing basis, and in alignment with the ILO labor standards. The companies employ a recognized methodology to assess if wages paid to workers in their business operations and value chain are sufficient for them and their families to afford a decent standard of living in the places where they live and work. They assess the prices paid for goods in regards to recognized costs to produce those goods and whether the prices enable producers to reach a living income, taking into account those income drivers that may be beyond their control such as productivity levels and land size. For each of their operating and sourcing countries, SDG-aligned companies:

• Use an accurate benchmark\textsuperscript{d} based on a robust methodology to identify living wages and living incomes to achieve a decent standard of living for workers’ and producers’ households in the regions where they live. The benchmark used accounts for the cost of the market basket of goods and services normally consumed by residents in the areas where the companies and business relationships operate. These goods and services typically include housing, food, transportation, energy, education, health care, and a margin for emergencies. The benchmark used is detailed on the items included in the cost estimation of a decent standard of living.

  • SDG-aligned companies may reference the IDH Recognized Living Wage Benchmark Tool to identify available recognized benchmarks for the most recent years by country and region;\textsuperscript{37} to be recognized by IDH, living wage benchmarks must meet a robust set of objective criteria of minimum elements.\textsuperscript{38}

• Consult with workers and producers to make an informed determination of their needs that should be factored into the calculations of living wages and living incomes.\textsuperscript{39}

• Contract reputable third-party researchers to conduct the calculations, with the participation of local experts, according to the above specifications where a benchmark does not already exist in a given context.

• Regularly assess actual and potential gaps between wages paid and the living wage, and between incomes earned and the living income, based on the benchmark’s determination of the relevant living wages and living incomes to achieve a decent standard of living for the households of workers and producers.

\textsuperscript{d} A living wage benchmark is “a target wage level for a particular place that reflects both the cost of a decent standard of living in that place and our expectations about how much the wage received by one worker can reasonably be expected to contribute to supporting a decent standard of living for an average family.” (Source: Komives et al., “Defining, Calculating and Using a Living Income Benchmark in the Context of Agricultural Commodities: Discussion Note.”)

BOX 10: THE ANKER METHODOLOGY\textsuperscript{41}

The Anker Methodology for Calculating the Decent Standard of Living for Households, and a Living Wage for workers is a recognized best practice methodology, based on ILO and WHO standards, because it:

• Includes in the estimation of the cost of food, the cost of a low-cost nutritious diet that meets the World Health Organization recommendations on calories, macronutrients, and micronutrients, in addition to considering the cost of workers’ typical food choices.\textsuperscript{42} This nutritious diet should also be consistent with local food preferences and the country’s development level.\textsuperscript{43}

• Regarding housing costs, it uses international (UN-Habitat) and national standards for decency.\textsuperscript{44}

• It also includes standardized guidance for calculating the costs for non-food, non-housing items such as health care, education, and transport.

• It includes a standard margin for savings and emergencies.

• It is based on a process of stakeholder engagement to ensure ownership and voice of workers, producers, civil society, industry, and government.

• For living wages, consider whether (1) wages are paid on time; (2) wages correspond to the workers’ working time (regular working hours and overtime); (3) deductions are made, and allowances and social benefits are adequately provided, in accordance with the law and collective bargaining agreements; (4) social security contributions are paid, collected and submitted to the relevant institutions; (5) leaves are adequately recognized and paid; (6) wage levels do not differ by gender, race, nationality, or other factors, which may constitute wage discrimination; and (7) regular working hours do not exceed the limits set forth in international labor standards.\textsuperscript{40}

To conduct this gap assessment for living wages and living incomes, SDG-aligned companies:

• Regularly consult with potentially affected workers and producers to assess the impacts of their operations and business relationships.\textsuperscript{45}
• Apply appropriate assessment methods to effectively communicate with culturally diverse communities and workers of different ages, particularly with children, adolescents, and migrant workers who are the most vulnerable to inadequate wages and incomes.

• Engage qualified and credible individual experts and expert organizations in on-site impact assessments, in particular, in areas where there is a high risk that living wages are not paid or living incomes are not achieved.

• Regularly conduct assessments of suppliers’ practices, including related to ensuring workers have access to identity documentation and written contracts, before entering into relationships with suppliers and other business partners, and throughout the business relationship.

• Apply appropriate verification methods to ensure that management and other staff are not able to conceal non-compliance with living wage and income standards, or present themselves in a misleading light (e.g., if relying at all on social audits, ensure that these are not announced to management ahead of time).

• Cooperate at a sector-wide and, where relevant, cross-sectoral level with governments, workers, international organizations, civil society organizations, and other stakeholders operating on the ground on collective monitoring initiatives to identify activities and areas where there is a high risk that living wages are not paid or living incomes are not achieved. In particular, the companies participate in, and support the development of, worker-driven monitoring initiatives with living wage mechanisms, such as the Fair Food Program, through which buyers pay an additional premium that is tracked “through the supply chain and to its final distribution as a line-item bonus on workers’ pay checks.”

• Carry out thorough gender analyses to inform their living wage interventions that include the collection of gender-disaggregated data on incomes, land tenures, roles performed, control over finances, and unpaid responsibilities.

SDG-aligned companies consider the challenges presented by their business model, as well as root causes and risk factors in the local context, including by assessing:

• Whether their business models and common business practices incentivize or facilitate the non-payment of living wages and the inability of producers to earn a living income. Such common business practices include: (1) contractual terms on payments to suppliers that hinder the suppliers’ capacity to guarantee decent work conditions to their workforce; (2) prices paid for the agricultural commodities the company sources, as well as the price volatility of those commodities, are insufficient to enable smallholder producers to cover the costs of sustainable production and earn living incomes; (3) workers are paid in cash rather than through a more traceable method.

• The strength of minimum wage regulations and enforcement in the regions where the company has operations and business relationships, including suppliers and producers.

• The presence of high rates of migrant workers, informal workers, young workers, or rural workers. These groups may be particularly vulnerable to being excluded from minimum and living wages protections.

3. INTEGRATE BY SETTING TARGETS & TAKING ACTION

SDG-aligned companies integrate the findings of their assessments of any actual or potential instances of non-compliance with living wage and income standards into relevant internal functions and processes by setting targets and then taking action to align with the standard within set target dates.

3.1. SET TARGETS

SDG-aligned companies set specific time-bound intermediate and long-term targets to address non-payment of living wages and the inability of producers to earn living incomes that are ambitious enough to contribute significantly to the SDGs’ achievement, particularly SDGs 1, 8, and 10. The intermediate targets are relevant for the companies to monitor their and of their business relationships’ continuous improvement towards meeting the standard. Where possible, indicators measure outcomes rather than outputs or activities. These targets are tailored to the company’s business activities and relationships based on their assessments of actual and potential living wage and living income impacts which the company may be linked to, contribute to or cause. The following are some examples of targets:

By 2030, 100% of the company’s workforce and those who directly provide goods and services to the company earn living wages or incomes.

By 2022, a living wage calculation methodology will be applied in 50% of the company’s operating sites and value chain business relationships.

By 2023, the company implements automatized and robust payroll systems for workers in processing and bottling facilities, allowing wages payments to be more traceable, and by 2025 ensures these are implemented with all direct business relationships.

By 2022, the company adopts a working time and wage payment tracking platform that allows workers in processing and bottling facilities to record their weekly timesheets, submit them for supervisors’ approval, and monitor wage payments. By 2025, the company ensures these are implemented with all direct business relationships.

By 2030, 80% of sourcing is done through “responsible contracts” described above.

By 2025, 80% of the company’s sourcing comes from producers or democratically-run farmer organizations the company has sourced from for three years or more.

By 2025, 80% of the countries from which the company sources have living income and living wage benchmarks.

3.2. TAKE ACTION

SDG-aligned companies integrate the findings of their assessments of risks and impacts into relevant internal functions and processes. They take appropriate action to cease, prevent, and mitigate negative impacts, and use leverage to prevent and mitigate negative impacts in their broader ecosystems. Depending on the specific risks and impacts identified, measures to address actual or potential instances of workers receiving less than a living wage or producers earning less than a living income include:

- **Adjusting business models**, including revenue models, where they are in tension with the ability to respect human rights in operations and the value chain by:
  - Ensuring that the business model accounts for the cost of wages, incomes, and benefits.
  - Ensuring that the revenue model facilitates the payment of living wages and earning of living incomes. It does not place pressure on procurement and legal functions that would require them to prioritize low prices and short-term relationships at the expense of living incomes and wages.
  - Ensuring that the business model supports inclusive sourcing and operations by considering impacts on vulnerable workers and communities. Where SDG-aligned companies invest in geographies that have high levels of worker and farmer poverty, they work towards continuous improvement against the living income and living wage standard.

- **Establishing business practices that align with the standards**, including:
  - **Overtime management**: To reduce excessive overtime schedules, human resources capacity is aligned with business production targets, including by implementing adequate planning procedures, and uses leverage to influence business relationships to do the same.
  - **Formal employment schemes**: Contracts are written in a language that each worker understands. They specify workers’ rights concerning the retention of documents, working hours and overtime, wages, and other labor rights and obligations. Leverage is used with business relationships, including recruitment agencies, to influence the implementation of formal employment schemes along the value chain. When a company identifies that it has business relationships with informal, unregulated employment schemes, it uses its leverage to influence these business partners to adopt formal employment procedures.
  - **Hourly wages to workers in lieu of piece rates**: Adopting and using leverage to influence business relationships to pay hourly rates to agricultural workers instead of piece rates.
  - **Purchasing and pricing practices that facilitate living incomes and wages**, for example:
    - Planning, forecasting, and paying suppliers promptly, and accounting for the cost of wages, benefits, and investments in decent work and sustainable production in pricing.
    - Setting procurement incentives for suppliers (e.g., price premiums) that meet the highest labor standards.
• Establishing more direct relationships with suppliers and working towards overcoming fragmentation in their supply chains in order to have better insight into and influence on incomes of farmers and wages of workers.\(^5\)

• Responsible contracts: Facilitating the payment of living incomes and wages in agricultural sourcing through responsible contracts with producers or democratically-run farmer organizations. These should include the following features: (1) establish long-term relationships; (2) guarantee minimum prices\(^6\) that account for production costs, inflation, and the local decent standard of living; (3) avoid overly restrictive quality specifications; and (4) include secure and predictable order volumes.\(^7\)

• Addressing specific instances of living wages not being paid that are identified within company operations or value chains, by taking immediate corrective actions. SDG-aligned companies adjust or use their leverage within business relationships to ensure the adjustment of, a worker’s wage, to align, at least, with the living wage. Formal processes are established by the companies to create corrective action plans with business relationships found to violate their policies and contractual obligations related to living wages in their operations and business relationships.\(^8\) Corrective action plans include (1) potential actions that should be taken in case of noncompliance, in line with the sourcing, production, or sale context, (2) a means to verify remediation, and (3) potential consequences if corrective actions are not taken (e.g., suspension of orders until corrective action is taken to prevent and mitigate the impact).\(^9\)

• Implementing, and using leverage to ensure business relationships implement, adequate management systems to ensure living wages are paid.\(^10\) SDG-aligned companies provide business relationships with support and technical guidance in that regard.\(^11\) Such management systems include a robust payroll system that keeps accurate records, reduces the risk of fraud and payment inaccuracies, facilitates the on-time payment of wages, and provides clear, accurate wage statements and payroll slips to workers. These management systems ensure wages for ordinary hours of work are paid in line with employment contracts or collective bargaining agreements; overtime hours are paid at the correct rate; regular hours or overtime hours worked at night, on weekly rest days or public holidays; deductions from wages in line with national and collective bargaining agreements; payment of all legally required leaves; and social security contributions.\(^12\)

• Building capacity internally and externally (in the workforce and with business relationships, including employment agencies), and providing ongoing support on how to identify, eliminate, and prevent inadequate wages and incomes. Additionally, SDG-aligned companies support farmers in upgrading to higher value-added commodities or activities.\(^13\)

• Participating in industry-wide or cross-industry legally binding collective agreements and multistakeholder sectoral initiatives that set living wages and incomes,\(^14\) and enable collective bargaining and fairer value distribution, such as Malawi Tea 2020\(^15\), World Banana Forum,\(^16\) or the Sustainable Coffee Challenge Collective Action Network on Well Being & Prosperity.\(^17\) When participating in any multistakeholder initiative, SDG-aligned companies use their leverage to align the governance, standards, transparency, traceability, and support for workers and producers with international living wage and living income standards.\(^18\)

• Participating in worker-driven initiatives with living wage mechanisms and premiums to support the payment of living wages to workers, such as the Fair Food Program.\(^19\)

• Explicitly making women a target beneficiary group of living income interventions to ensure that they benefit directly.\(^20\) The obstacles to earning living incomes are gender-specific, including differences in access to land, control over household finances, the time burden of care duties, and access to technical skills.\(^21\) Therefore, SDG-aligned companies collaborate with women and women’s rights organizations to develop and implement living wage interventions and identify opportunities to engage men to contribute.\(^22\)

• Supporting farmer organizations and cooperatives to ensure that farmers have a voice and bargaining power in living income discussions, and to facilitate their collaboration in the development and implementation of interventions.\(^23\)

• Supporting the development of technological solutions and procedures that improve traceability to the producer, in order to assess and verify whether payment of fair prices results in producers earning a living income.
4. ESTABLISH AND PARTICIPATE IN EFFECTIVE GRIEVANCE MECHANISMS & PROVIDE OR ENABLE REMEDY

4.1. ESTABLISH GRIEVANCE MECHANISMS

To ensure those who are denied living wages and who suffer due to an inability to earn living incomes in their value chains have access to remedy, SDG-aligned companies have and use leverage to ensure their business relationships have, effective grievance mechanisms in place. These mechanisms are accessible to their workers, value chain workers, and any person from the community to report non-compliance with living wages and living income standards and their impacts (e.g., operational-level grievance mechanisms, hotlines with effective grievance handling procedures). The companies provide training or develop actions to communicate the existence and operation of such grievance mechanisms to all potentially affected stakeholders and communities.

4.2. COOPERATE IN STATE-BASED GRIEVANCE MECHANISMS

SDG-aligned companies refrain from using legal waivers that preclude access to judicial recourse for victims of minimum wage violations. The companies cooperate with and support legitimate judicial and non-judicial State-based mechanisms to report and adjudicate minimum wage violations. Where State-based mechanisms order sanctions or remedy in relation to other human rights impacts, the companies comply and use leverage to ensure their business relationships comply.

4.3. PROVIDE OR ENABLE REMEDY

When an SDG-aligned company identifies that it has caused or contributed to an instance of inadequate wages or incomes in its operations or value chain, it acknowledges its part in the harm done and provides remedy through legitimate processes. Where the company did not cause or contribute to the harm directly, it enables remedy through legitimate processes. Some remedy actions include:

- Paying all wage amounts that the company owes to workers who received wages that did not meet the living wage, including interest for late payments.
- Paying wage-related allowances, benefits, and contributions that were not correctly paid to workers. Correct any inaccurate contribution of this kind before the competent social security and labor institutions, and pay interest for late payments.

5. TRACK PERFORMANCE

SDG-aligned companies track, on an ongoing basis and through qualitative and/or quantitative outcome-based performance indicators, the implementation of actions it takes to align with the standard. In particular, the company monitors whether actions are implemented within its target dates. The following are some examples of performance indicators to track progress over time:

- Percentage of a company’s operating sites and value chain business relationships in which a living wage calculation methodology has been applied.
• The number of claims before judicial and administrative authorities due to minimum living wage non-compliance.

• The number of complaints received from workers and producers in the company’s operations and value chain related to payment below a living wage and earnings below a living income.

• For each agricultural product, per country and sub-region: (1) the median cost of production and (2) the median price the company pays for that agricultural product.

• Percentage of product orders placed with sufficient time to ensure working hours under international law are not exceeded.

• Percentage of sourcing of each agricultural commodity done through “responsible contracts” described above, specifying percentage from each country of origin.

• Percentage of sourcing from the same producers or democratically-run farmer organizations for three years or more, and the median longevity of supplier relationships per agricultural commodity.

• Percentage of the company’s new or re-negotiated contracts which factor in living wage and living income benchmarks as a non-negotiable cost for the determination of price and contract terms.

• Percentage of the countries from which the company sources that have reliable and current living income and living wage benchmarks.

• Contributions to public, private, and other partnerships that focus on closing living income and living wage gaps.

The companies partner with trade unions, suppliers, government institutions, civil society organizations, and other stakeholders to design and implement effective tracking and monitoring mechanisms. Methods to track progress include:

• Third-party human rights impact assessments and labor rights-oriented audits (on-site & off-site)

• Surveys, interviews, other feedback mechanisms to collect perspectives from workers, and other potentially affected stakeholders, including trade unions and civil society organizations, focusing on those most vulnerable to impacts (e.g., migrant workers, young workers).

• Complaints and grievances raised through grievance mechanisms.

6. DISCLOSE PERFORMANCE

To enable transparency and accountability, SDG-aligned companies communicate publicly on their performance against their living wages and incomes commitment and targets, particularly when concerns are raised by or on behalf of affected stakeholders. Where relevant, SDG-aligned companies also share aggregate data and high-level findings directly with affected stakeholders and organizations, including human rights organizations and researchers.

Regular public disclosure is accurate, clear, accessible, and third-party verified information about the actual and potential impacts on living wages and incomes in their operations and value chain, their efforts to address these to implement their policy commitment, and performance against targets. Disclosure includes sufficient information to evaluate the adequacy of the company’s approach and activities. Formal disclosure includes information on the following:

• Internal business and value chain operations considered as having significant risk for cases of payment below a living wage and earnings below a living income, specifying the geographic locations where these can occur.

• Methods used to assess operations and business relationships to identify and measure this risk for cases of payment below a living wage and earnings below a living income.

• Measures undertaken during the reporting period to prevent living wage and living income impacts from occurring in its business operations and value chain. This includes disclosure of information on the implementation of management systems, such as the application of a robust methodology to determine living wages in the areas where the company and business relationships operate, what efforts the company is making to meet the standard, and verify progress in its operations and value chain.

• Any incident of payment below a living wage and earnings below a living income identified in its business operations and value chain, specifying the number of workers and/or producers affected, the type of work performed by them, the business relationship involved (e.g., first-tier supplier, below-first tier supplier, client), and the geographic location.

• How each incident of payment below a living wage or earnings below a living income was identified.

• How remedy was provided or enabled for actual impacts related to cases of payment below a living wage and earnings below a living income found in its operations and value chain.

• Analysis of trends demonstrating progress and, where appropriate, explaining lessons learned from stagnation or decline, towards meeting the standard and achieving intermediate and long-term targets in its business operations and value chain.
ENDNOTES

7. Fawcett and Zweben, “Shining a Spotlight: A Critical Assessment of Food and Beverage Companies’ Delivery of Sustainability Commitments.”
34. OECD, “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.”


43. Global Living Wage Coalition.

44. Global Living Wage Coalition.

45. World Benchmarking Alliance-WBA, “Methodology for the Food and Agriculture Benchmark”; World Benchmarking Alliance, “Social Transformation Framework to Measure and Incentivize Companies to Leave No One Behind.”


47. OECD, “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.”


52. OECD, “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.”

53. The Danish Institute for Human Rights, “Forced Labour.”

54. The Danish Institute for Human Rights.


60. The Fair Food Program reports the Fair Food Premiums paid by participating buyers have “added over $30 million to Participating Growers’ payrolls.” Fair Food Program, “About the Fair Food Program – Fair Food Premium.”


63. Oxfam International.

64. Oxfam International.

65. Oxfam International.


