



## RIGHTS AND WELLBEING AT WORK

# Fair Compensation

A GETTING STARTED GUIDE

Mahroo Shahbaz  
Stephanie Bertels  
Rachel Dekker

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## A GETTING STARTED GUIDE

Prepared by Mahroo Shahbaz, Stephanie Bertels, and Rachel Dekker.

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# ABOUT THIS SERIES

This guide is part of our series of Getting Started Guides that supports your company to develop an [embedded sustainability strategy](#). Each guide tackles a specific sustainability sub-issue and explores what your company needs to do to support the resilience of the environmental and social systems around you.

In each guide, we address relevant trends, system thresholds, key concepts, key actors, and key resources. We also offer guidance on how to address the impacts of decisions and activities in your operations and value chains as well as developing credible goals and outlining key corporate actions and internal targets that can help to provide clarity on the work ahead.

We recommend you read the first guide in the series, [Getting Started Guides: An Introduction](#), which explains our overall approach and the value of setting a clear strategy anchored in your company's most material issues. It also explains how you can leverage process-based interim targets

to clearly outline and track the specific actions that your company needs to take to achieve its high-level goals.

A complete list of focus areas and sub-issues can be found in our guide [Scan: A Comprehensive List of Sustainability Issues for Companies](#).

This guidebook addresses **Fair Compensation**, which is part of the broader sustainability issue topic of Rights and Wellbeing at Work.

To address the broad topic of Rights and Wellbeing at Work, we have separated out sub-issues into separate guides, so that we can address them in depth. The table on the next page provides a brief overview of our guides related to Rights and Wellbeing at Work and the key topics each guide covers. For specific information and guidance related to any of the key topics, please refer to the appropriate guide.

| GUIDE                                                                                        | KEY TOPICS COVERED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b><u>Human Dignity and Integrity (Tackling Modern Slavery): A Getting Started Guide</u></b> | Freedom from torture, cruel, inhuman, or degrading treatment, or punishment; Freedom from violence or exploitation; Freedom from child labour, forced or compulsory labour, debt bondage, prison labour, or other forms of modern slavery; No human trafficking; No deceptive recruiting practices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b><u>Safe and Healthy Working Conditions: A Getting Started Guide</u></b>                   | Right to safe and healthy conditions of work; Right to refuse unsafe work; Occupational hygiene; Occupational health and safety; Appropriate and safe work from home; Natural lighting and airflow; Climate-related health and safety impacts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b><u>Fair Compensation: A Getting Started Guide (you are here)</u></b>                      | Fair compensation; In-work poverty; Family living wage/income; Equal pay for equal work; Eliminating pay disparities; Predictable payment timing; Useable/regionally appropriate currencies; Fair compensation in piecework jobs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b><u>Company-Worker Relations: A Getting Started Guide</u></b>                              | Respectfully engaging with workers; Freedom of association; Right to collective bargaining; Avoiding protracted negotiations; Psychological safety; Effective social dialogue; Regular, timely, and transparent worker communications; Worker surveys and other input and feedback tools; Works councils; Accessible and transparent worker grievance mechanisms; Whistleblower channels                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b><u>Respectful, Equitable, and Inclusive Workplace: A Getting Started Guide</u></b>        | Workplace culture; Freedom from bullying, harassment, humiliation, and intimidation; Diversity, equity, and inclusion (DEI/EDI); or inclusion, diversity, equity, and accessibility (IDEA); or justice, equity, diversity, and inclusion (JEDI); or diversity, equity, inclusion, and belonging (DEIB), and other acronyms; Freedom from discrimination; Freedom of opinion and expression; Freedom of thought, conscience, and religion; Right to privacy; Respect for group rights (such as the rights of Indigenous Peoples); Cultural leave; Respect for protections for persons with disabilities, children, women and girls, persons belonging to national or ethnic, religious, and linguistic minorities, migrant workers, LGTBQIA2S+, older workers, and other groups; Workforce representative of broader society |
| <b><u>Workforce Planning and Employee Development: A Getting Started Guide</u></b>           | Workforce planning; Avoiding precarious employment; Responsible retrenchment; Employee lifecycle aligned with sustainability; Feedback and performance management; Career planning; Opportunities for capacity building and personal development; Upskilling and reskilling; Building sustainability-related competencies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b><u>Worker Wellbeing: A Getting Started Guide</u></b>                                      | Good health and wellbeing; Supporting work-life balance; Right to reasonable working hour limitations; Predictable work hours; Right to paid time off; Compassionate leave; Maternity and parental benefits; Elder or child care leave; Access to child care; Health promotion; Access to leisure and exercise; Accessible design; Healthy and culturally appropriate nutrition; Health and injury insurance and other health benefits; Reintegration support; Retirement benefits to support long term financial wellbeing                                                                                                                                                                                                                                                                                                 |

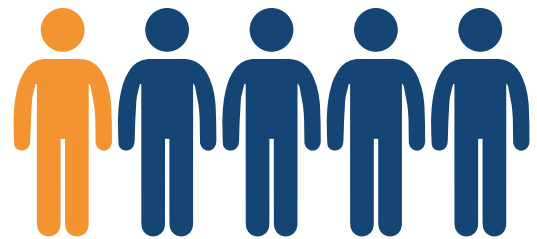
## 1

## SETTING THE STAGE – RISING INCOME INEQUALITY AND POVERTY

Poverty exacerbates, and is exacerbated by, many social and environmental issues. While [inequality between countries](#) (reflecting per capita income differences) has been falling in recent decades, mostly attributed to the high growth of emerging economies like China and India, [within-country economic inequality continues to rise](#) in most countries.

On average, the [top 10%](#) of the global population captures more than 50% of global income. [In 2020](#), the five richest men in the world doubled their fortune, but at the same time, nearly five billion people became poorer. At our current state, it is estimated that it would take [230 years to end poverty](#).

In 2021, [327 million wage earners](#) worldwide were paid at or below their local minimum wage. Instances of companies underpaying wages and relying on governments, society, and communities to subsidize workers, such as through relying on tips, healthcare access, or for childcare needs, creates working poverty. Currently, the [United Nations Global Compact](#) estimates that “more than 630 million workers – that is, almost one in five, or 19%, of all those employed – [do] not earn enough to lift themselves and their families out of extreme or moderate poverty.” [Rising inflation and cost of living](#) have also continued to erode the buying power of lower-income earners who spend the majority of their income on essential goods and services, with little capacity to tackle changing circumstances or unexpected events.



**1 in 5 people**

**do not earn enough to lift themselves  
and their families out of poverty.**

While [more than 170 countries](#) have set a minimum wage, it often falls short of what is needed for earners to achieve a decent standard of living and is inadequate to keep up with fast-changing economies. In [some countries](#), the minimum wage remains below poverty lines, has not been adjusted in many years, and/or excludes agriculture, domestic, or migrant workers. Such a minimum wage fails to provide workers what they need. Additionally, jobs offering minimum wage often do not provide workers with benefits, have limited or irregular work hours, and ultimately result in workers needing more than one job to make ends meet.

Workers also need to be paid wages in a usable currency in their region. Companies paying workers in [gift cards](#), commodities, accommodation, or other such instances can restrict access to essential needs such as food and housing. While this is often seen in instances of independent contracting or [piecework jobs](#) where minimum wage laws may not apply, it still occurs in many industries across the world.

## PAYING BEYOND A MINIMUM WAGE IS NOT AN ACT OF BENEVOLENCE, IT IS A RIGHT

In 1948, in the [UN Universal Declaration of Human Rights](#) established individuals' right to "just and favourable remuneration ensuring for [themselves] and for [their] family an existence worthy of human dignity." This right was ratified by the UN General Assembly in 1966 and enshrined into international law in 1976.

Income inequality on wages between men and women also deepens the issue, with women worldwide only making [77 cents on average](#) for every dollar earned by men with the [gap even wider](#) between women of colour, immigrant women, and mothers, and the average man. Research by the [International Labour Organisation \(ILO\)](#) indicates that, as of 2024, "men earn more than women in all country income groups and across the entire wage scale." As [UN Women puts it](#): "[t]his stubborn

inequality... persists in all countries and across all sectors because women's work is under-valued and women tend to be concentrated in different jobs than men. Even though the work itself may require equal or more effort and skills, it's valued and remunerated less."

Companies need to ensure workers are fairly compensated – and often, this means paying workers a living wage for the regions where they operate. However, [less than 4%](#) of the world's 2000 largest companies pay their direct employees a living wage. Furthermore, companies need to ensure that workers are provided equal pay for equal work and that policies and processes work to identify and eliminate any existing pay disparities, including addressing the gender pay gap. It is also crucial that workers have predictable payment schedules and are paid wages in usable currencies for the region where the company operates.

**Note:** Sustainability issues are generally systemic issues, because they are deeply interconnected and rooted in complex environmental, social, and economic systems. In these guides, a system threshold is defined as the point at which the resilience of an environmental, social, or economic system becomes compromised. This occurs when the total impacts imposed on the system exceed its capacity to assimilate those impacts.

## SYSTEM THRESHOLD

Poverty is a violation of human rights. Poverty and excessive income inequality destabilise social systems. Employers should not be relying on society to subsidise their workers. Companies cannot continue to pay wages that keep workers in poverty or just above the poverty line. Companies need to take steps to ensure workers are fairly compensated, including by paying workers a living wage.

### KEY TOPICS ASSOCIATED WITH FAIR COMPENSATION

- Fair compensation
- In-work poverty
- Family living wage/income
- Equal pay for equal work
- Eliminating pay disparities
- Predictable payment timing
- Useable/regionally appropriate currencies

## 2

## KEY CONCEPTS – THE LIVING WAGE

A minimum wage is the minimum that an employer is legally required to pay an employee, as per legislation. It generally does not account for the cost of living or inflation and often is not sufficient to meet basic needs.

By contrast, a [living wage](#) (or alternatively, a living income) is one that affords a decent standard of living for the worker and their family in the regions where they work. This [includes](#) food, water, housing, education, health care, transportation, clothing, and other essential needs, including provisions for unexpected events. It is a wage that helps families to achieve human dignity and independence.



It is important to emphasise that a living wage includes considerations for the families of workers and that most living wage calculations use an assumed family size. This assumption should be based on the most common family compositions that exist within the local context of the region where a company operates. Many organisations assume the norm to be a nuclear family (two parents with their children in a one home residence), but a company's local context may have a variety of family compositions and obligations that should be considered, including multigenerational households or single parent families.

A living wage or living income is a key component of decent work. It is what is required just to

reasonably get by and should be understood as the true minimum that a worker can be paid to afford a decent standard of living for themselves and their families.

Decent work safeguards the dignity of workers by ensuring equality of opportunity and equitable treatment and a workplace that is free from discrimination. It offers fair income and ensures workers are paid a wage that affords them and their families a decent standard of living as well as secure and safe working conditions. Across all this, decent work also gives workers a voice, hears their concerns and feedback, and respects their rights. This guide covers fair income – other guides in the series address the remaining components of decent work.



Workers earning less than a living wage end up needing to make hard choices about which essential needs to prioritise. This mismatch between wages and needs contributes to strained social systems, creating mounting uncertainty and continuity risks for business. Inequality stemming from low wages erodes trust in political, economic, and social systems, leading to increasing polarisation and civil unrest and constraining economic development around the world. It also poses reputational, legal, and regulatory risks for businesses as calls for a living wage [gain momentum](#) at international and national levels.

In contrast, paying a living wage also supports the resilience of businesses. The Living Wage Foundation [found that](#) “93% of companies paying a living wage experience benefits for their business; 87% report improved reputation; 75% report increased motivation and retention rates for employees; and 58% report improved relations between managers and staff.”

### Key Terms:

**Living wage:** “The wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work” ([ILO](#))

“A living wage is: remuneration received for a standard work week by a worker in a particular [time and] place sufficient to afford a decent standard of living including food, water, housing, education,

healthcare, transport, clothing and other essential needs including provision for unexpected events.” ([Global Living Wage Coalition](#))

**Living Income:** “The concepts of living wage and living income are both about achieving a decent standard of living for households. The idea of a living wage, however, is applied in the context of hired workers (in factories, on farms, etc.), whereas living income is discussed in the context of any income earner, such as self-employed farmers.” Living income is used in agriculture to gauge decent standards of living for farmers’ households, particularly smallholder farmers. ([Global Living Wage Coalition](#))

“The net annual income required for a household in a particular place to afford a decent standard of living for all members of that household. Elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events.” ([The Living Income Community of Practice](#))

**Equal pay for work of equal value:** “Equal pay for work of equal value, as defined by the ILO Equal Remuneration Convention, means that all workers are entitled to receive equal remuneration not only for identical tasks but also for different work considered of equal value. This distinction [of equal value] is crucial because jobs held by women and men may involve varying qualifications, skills, responsibilities, or working conditions, yet hold equal value and warrant equal pay.” ([UN Women](#))

## 3

## KEY PLAYERS IN FAIR COMPENSATION

The [Global Living Wage Coalition](#) is a knowledge-action partnership between the Anker Living Wage and Income Research Institute and GLWC Action Network that provides information about living wage levels and implementation to enable wage increases globally. The coalition uses the [Anker Methodology](#), a widely accepted method of estimating living wages that is internationally comparable and locally specific. As of 2024, they have completed living wage benchmarks in 50 countries.

The [Fair Wage Network](#) offers a Fair Wage standard that is designed to assess, develop, and optimise wage policies. Fair Wage encompasses 12 fair wage dimensions, including Living Wage and Equal Salary.

The [WageIndicator Foundation](#) aims to improve labour market transparency by collecting, sharing, and comparing up-to-date information on living wages, labour law, collective agreements, the gig economy, and more. As of May 2024, the foundation has published its living wage estimates for over 2600 regions across 165 countries.

The [Living Income Community of Practice](#) is a partnership between The Sustainable Food Lab, GIZ, and ISEAL. Their goal is to support activities that help smallholder farmers achieve a living income and a decent standard of living.

## 4

## COMMITTING TO TAKE ACTION – MID- AND LONG-TERM GOALS

Committing to take action on **Fair Compensation** can include addressing many of the key topics listed above. The mid- and long-term commitments that your organisation elects to make should be based on your identified priorities, areas of greatest impact, and your capacity to undertake the work required. It is important to note that this section does not provide all possible mid- and long-term

goals related to this issue, but rather a sample of the goals that were most frequently adopted by companies in our research.

Common mid- and long-term goals and/or commitments on **Fair Compensation** include variations of the following:

### Long-term goal: All employees across the organisation earn a living wage by 2030

- Eliminate [gender and/or other demographic-based] pay disparities by 20[XX].
- Close the living wage gap in operations [and value chains] by 20[XX].

### Long-term goal: Everyone working within our extended supply chains earns sufficient income to maintain a decent standard of living

- [X]% of procurement spend is with suppliers who have signed the Living Wage Promise.
- Help [X] small to medium-sized enterprises (SMEs) in our value chain grow their business [through focus areas such as access to technology, access to credit and financial services, business skills training, and more].
- [X]% of workers in our value chain receive enhanced livelihood support.
- Support equal pay for equal work within our supply chain.

Are you setting new goals or interested in benchmarking your goals against leading practice? To help advance progress in credible corporate sustainability goals, the Embedding Project maintains a public goals database containing leading sustainability goals and commitments set by large companies globally. Explore our [Sustainability Goals Database](#) for more mid- and long-term goals on Fair Compensation.

## 5

## HOW TO GET THERE – PROCESS-BASED INTERIM TARGETS

**Note:** The following proposed timelines are only for guidance and are based on the pace outlined by other companies. The timeframe for actions and work for each step needs to be embedded in your organisational context, which may require different time allocations.

The sequence outlined below assumes that your company still needs to address fair compensation within its direct operations and that you will begin to engage with your value chain after learning and taking action to get your own house in order. Companies with greater impacts within their value chain may (and likely should) opt to engage with value chain partners at a much earlier stage.

### YEAR 1: UNDERSTAND AND CALCULATE A LIVING WAGE IN THE REGIONS WHERE YOU OPERATE

Identify the living wage in the regions where you operate. Start by building an understanding of workforce demographics where your company operates. Then look towards available living wage benchmarks and understand the different facets that make up a living wage in your region. The IDH Living Wage Roadmap covers how to choose a credible benchmark [here](#). A living wage or income is heavily context dependent and will be different in every region. If you operate in a range of areas between which the needs of workers and subsequent living wage calculations will vary greatly, consider selecting pilot countries or operating sites to sequence the work to your current capacity with the intention of extending the work to calculate a living wage for each of the remaining areas as you gain momentum. It is important to note that each of these contexts will need its own living wage calculation – do not rely on the results of the pilots as a one-size-fits-all approach to a living wage, but rather leverage the core learnings to build your organisational capacity for this work over time. It may also be helpful to articulate an organisational definition of a living wage that clearly outlines exactly what factors are included to ensure consistency across your work.

### CASE STUDY: Yara's Journey to Understand Living Wage

Collaborating with a consulting company, Yara, a Norwegian chemical company, began their [living wage journey](#) by selecting pilot countries within their operations to build an understanding of what a living wage would look like in select regions. This narrowed down the initial scope of defining and calculating a living wage. Using local contexts, Yara arrived at the following definition of a living wage for their operations: “[We] assumed a family setup of two adults and two children to allow a consistent approach across different locations and assessed three purchasing package configurations to establish what would be [the] standard. The “decent package”, representing the purchase of necessary goods and services to provide a healthy and decent standard of living and which meets the employees’ needs in modest surroundings.” This definition then went through testing in pilot countries, and once agreement was reached, Yara moved on to assess whether their current compensation met this definition.

### Examples of process-based targets for Year 1:

- By 20[XX], we will understand the key drivers behind decent standard of living in the region(s) where we operate.
- By 20[XX], we will calculate a living wage in the [selected pilot] region(s) where we operate.

## YEAR 2: UNDERTAKE A WAGE GAP ASSESSMENT

Use this information to undertake a wage gap analysis to identify gaps between what workers are currently paid and the relevant living wage benchmarks in that region. Aim to understand remuneration across different levels of work, gender, and race in your direct operations. You should also look at historical trends that perpetuate and exacerbate wage inequality – divide your

remuneration into meaningful brackets (this could be quartiles or deciles), and determine which groups have been experiencing the highest and lowest gains as a percentage of income over time. This should include understanding and assessing any potential intra-organisational pay disparities, whether based on gender, age, jurisdiction, or other differentiators that are unrelated to skills, performance, and experience.

### Examples of process-based targets for Year 2:

- By 20[XX], we will undertake a wage assessment across our operations to understand the implications for our business.

## YEAR 3: DEVELOP A FAIR COMPENSATION PLAN

Develop a plan to ensure all workers will be paid a living wage. Raise wages or set targets to do so where wage gaps are identified. Set targets to address any identified gaps in providing equal pay for equal work. More broadly, consider targeting structural wage inequalities by working to ensure that wages in the lower income brackets in your organisation rise faster than those in the higher income brackets. Actions to achieve a living wage will vary greatly based on the needs of your organisation. This interactive [IDH Living Wage Action Guide](#) offers interventions and practical tips, divided into sections that address various common challenges that your organisation may face during this journey. Integrate actions and interventions to eliminate intra-organisational pay disparities and provide equal pay for equal work for all employees. Also look to ensure that wages are paid on a predictable schedule to support worker financial planning and timely payment of commitments.

Also, outline actions to evaluate and build your organisation's willingness and capacity to engage with fair compensation across your value chain – for many companies, the need for a living wage is particularly acute in their value chain.

### CASE STUDY: Nestlé's Living Wage Pilot for Contractors

Building on their pre-existing Living Wage Program for employees, Nestlé is developing and implementing a [fair compensation plan](#) to support living wages for third-party contractors. The company began completing a risk analysis, understanding living wage benchmarks to identify pilot countries, and undertaking living wage gap assessments for on-site contractors to build the foundation for this work. Between 2023-2025, Nestlé aims to combine the results of their previous work, define a clear scope of application for their action plan, and launch pilot programs to test and refine their approach to closing living wage gaps for contractors.

### YEAR 3: EXPLORE FAIR COMPENSATION IN YOUR VALUE CHAIN

Begin undertaking research to better understand the extent to which suppliers in your value chain are providing a living wage/income.

Begin by undertaking research to better understand your value chain and the relevant regional contexts – this may include background work, such as supply chain mapping, gathering supplier data, and understanding pressures that erode worker compensation within regions where your suppliers operate, or extending wage assessments in your value chain. If working with smaller family-based companies, your company may find living income to be a more helpful concept in the value chain. Many businesses choose to begin their journey towards living wages and living incomes with a focus on priority supply chains with high labour needs such as [industrial cleaning](#), [meat works](#), [hospitality](#), [construction](#), [manufacturing](#), [agriculture and fishing](#) and/or suppliers operating in countries with limited worker protections.

#### CASE STUDY: On takes action a living wage in their value chain

Recognising that a commitment to safe, fair, and inclusive working conditions for all would need to include engagement within their value chain on fair compensation, [On](#) – a Swiss sportswear

company – set a target to have 100% of Tier 1 manufacturing suppliers implement a living wage by 2025. The company aligned its definition of a living wage with the Global Living Wage Coalition (GLWC) and focused its efforts on suppliers in Vietnam where a significant majority of their footwear products are produced. To track progress, On implemented a comprehensive monitoring program for their supply chain that collects verified wage data to measure suppliers against the GLWC living wage benchmark. As their efforts progress, the company has also committed to carrying out detailed living wage assessments for all global Tier 1 facilities for footwear, apparel, and accessories in 2025.

### YEAR 3: ARTICULATE A POSITION ON FAIR COMPENSATION

Clarify your organisation's stance on fair compensation by articulating an internal or external position statement to ensure that there is a collective understanding of why your organisation is undertaking this work and what it is committing to do. It is important to acknowledge your understanding of the issue and context in which you operate; clarify your role; and outline clear commitments and expectations for your organisation. A public position statement can be an important pathway to aligning your organisation on purpose and intent and fostering accountability.

#### Examples of process-based targets for Year 3:

- By 20[XX], we will create a roadmap to address wage inequities and achieve a living wage in our operations.
- By 20[XX], we will undertake a wage assessment in our value chain.
- By 20[XX], we will build our capacity to engage with our value chain on fair compensation through [X].
- By 20[XX], we will articulate an internal [or external] position statement on fair compensation.

## YEAR 4: SUPPORT FAIR COMPENSATION IN YOUR VALUE CHAIN

Develop a strategy to support fair compensation in your value chain. Engage in conversations with suppliers and work together to explore the strategic implications of pursuing fair compensation. Build a better understanding of how wages are set and paid in suppliers' workplaces. Explore opportunities to establish joint action plans with supply chain partners to achieve living wage with measurable and time-bound milestones for accountability. Also integrate efforts to support equal pay for equal work, including joint action plans with supply chain partners. Also consider how you can support and enable supplier efforts on fair compensation through your procurement practices, such as by adjusting purchasing practices and unit prices paid. Focus on impactful and tailored interventions that support workers across the value chain to earn incomes that allow them to achieve a decent standard of living.

### CASE STUDY: Patagonia's Supplier Living Wage Strategy

Patagonia, an American retailer of outdoor recreation clothing and gear, has been working towards a [living wage strategy](#) within its supply chains since 2010, with the aim to ensure that suppliers can maintain a living wage even during fluctuations in their business. In 2015, Patagonia set an internal goal to reach living wages in apparel-assembly factories by 2025, followed by piloting data collection tools in 2016

to understand the current state of wages and prioritise key factories for action. In 2022, the company started piloting projects with suppliers to explore wage payment systems and assess living wage gaps, with the aim to inform further direct and tailored approaches to support living wages in supply chains.

### CASE STUDY: Ben & Jerry's supports a living income in their supply chain

Ben & Jerry's – an American ice-cream company – recognised that cocoa, one of its most important commodities, was facing "rock bottom prices" that contributed to issues such as child labour and extreme poverty for farmers within their supply chain. The company [partnered with Fairtrade to work towards fair compensation for farmers](#), paying "at least the Fairtrade Minimum Price for cocoa, a floor price that covers the cost of production [...] to act as a safety net for farmers when market prices fall while also allowing them to benefit when prices rise." Ben & Jerry's also "supports farmers through the Fairtrade Premium, an extra sum on top of the price that is democratically invested by producer organizations in business and community development project." Furthermore, the company committed to paying Fairtrade's voluntary Living Income Reference Price in 2020, "an even higher cocoa price that would lift nearly all farmer households out of extreme poverty if paired with higher harvest yields."

### Examples of process-based targets for Year 4:

- By 20[XX], we will identify priority supply chains for fair compensation and key suppliers for collaboration.
- By 20[XX], we will create joint action plan on achieving fair compensation throughout our value chain.
- By 20[XX], we will create joint action plan on achieving equal pay for equal work throughout our value chain.
- By 20[XX], we will review our purchasing policies and practices to reduce pressures on wages within our value chain and enable suppliers to increase wages.
- By 20[XX], we will create a roadmap to support fair compensation for contractors.

# RESOURCES

## GUIDANCE

### LIVING WAGE IN OPERATIONS

The [IDH Living Wage Action Guide](#) offers interventions and practical tips, divided into sections that address various common challenges that your organisation may face during this journey.

The [Living Income Toolkit](#) by the Living Income Community of Practice can also provide guidance on how to mainstream living incomes in your company's activities to address poverty within supply chains.

[Achieving the Living Wage Ambition: Reference Sheet and Implementation Guidance](#) by UN Global Compact provides illustrative details regarding the steps to take to successfully implement a living wage program in a company's business system.

### FAIR COMPENSATION IN THE SUPPLY CHAIN

[Improving Wages to Advance Decent Work in Supply Chains](#) from UNGC is an excellent primer on the topic of decent wages in the supply chain.

[Living Wages in Global Supply Chains: A New Agenda for Business](#) by the joint Ethical Trading Initiatives of Denmark, Norway and the UK aims to help companies understand the wider landscape around wages in their value chain and their leverage within that landscape. It highlights collaborative action at an industry level that will help create conditions for the continual and lasting improvement of wages.

The [Decent Work Toolkit for Sustainable Procurement](#) from UNGC consists of three modules with key learnings, training exercises, and practical case studies to enable procurement staff and their suppliers to take action to improve labour conditions for supply chain workers.

## TOOLS

The [Living Wage Analysis Tool](#) by UNGC can help you assess current policies and highlight areas for improvement.

[IDH Living Wage Identifier Tool](#) helps companies find credible living wage benchmarks.

As a guidance tool for agri-food companies, [ALIGN](#) is aiming to reduce complexity around the topic of living wage and income.

## BENCHMARKING

The [Global Living Wage Coalition](#) offers an estimation of living wages in over 50 countries around the world.

The [WageIndicator Foundation](#) has published its living wage estimates for over 2600 regions across 165 countries.

The [Fair Wage Network](#) offers a Fair Wage standard that is designed to assess, develop, and optimise wage policies.

Explore more curated resources on Fair Compensation [here](#).

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