



## Living Wage Analysis Tool Checklist

This guidance is to help companies understand the steps to prepare and complete the self-assessment. It is recommended that large companies begin these steps 1-2 weeks in advance to allow sufficient time to form your team and gather relevant data.

- ✓ **1. Designate a lead contact to fill in the Living Wage Analysis Tool (LWAT) on behalf of your company.** This person will lead coordinating with other teams to gather relevant information, complete the assessment online and share results within the company.
- ✓ **2. Identify other team members to contribute to the assessment process.** The LWAT covers company policies and practices related to leadership, human resources management and payroll administration, contractor and supplier management, and procurement and purchasing practices. This means you might need information from colleagues in Human Resources; Procurement; Site Services; Diversity and Inclusion; Sustainable Sourcing; and Stakeholder Relations. You may also need to speak with key suppliers and contractors.
- ✓ **3. Prepare to take the assessment.** Prior to starting the assessment, download the LWAT questions and checklist and share among your assessment team. Gather relevant data and reports to complete the assessment.
- ✓ **4. Complete the assessment online.** Use the information gathered by the assessment team to fill in the online assessment. Your answers will be saved as you go, and you can always come back and complete the assessment later.
- ✓ **5. Receive your results.** The Living Wage Assessment Tool platform will produce a results document that can be downloaded and shared. You can also download your company's responses to all questions. Results include an overall score, as well as progress across different approaches to low wages and living wages. We encourage you to review results as a team to discuss strengths and opportunities, and to develop an action plan.
- ✓ **6. Consult relevant resources to strengthen your approach.** The LWAT will point you to resources that can support you in taking next steps.
- ✓ **7. Revisit the tool to measure your progress and monitor your wage policies as economic factors affect real wage levels.**

Thank you for using the UN Global Compact Living Wage Analysis Tool on behalf of your company and for taking this critical step to foster a living wage economy. Thank you for using the Living Wage Analysis Tool on behalf of your company and for taking this critical step forward!

# LWAT: Questionnaire

## 1. Are you familiar with the concept of the living wage, and how it relates to legal or negotiated minimum wages?

- NO**, we are not familiar with the concept of the living wage, but:
  - We are interested in learning more
  - We have had discussions with workers and their representatives, stakeholders or business partners about whether compliance with legal minimum wage is adequate to meet living wage expectations
  - None of the above
  
- YES**, we are familiar with the concept of the living wage:
  - We are aware of the concept but unsure on how to apply this in practice
  - We are aware of credible living wage estimates, and wage indications developed by worker organisations, but would need further support to be able to use them
  - Our company uses credible living wage estimates across our operations, supply chain or both
  - Our company uses credible living wage estimates to measure and track living wage gaps and to inform social dialogue on wages - across our operations, supply chain or both

## 2. Has your company started any activities to take action on unduly low wages and work towards the payment of a living wage?

- NO**, our company has not yet started any activities, but:
  - We are interested in learning more
  - We plan to take steps in this area in the next year
  - Some of our country offices or business units have taken steps, such as identifying sub-national / regional living wage estimates
  - None of the above
  
- YES**, our company has started activities to take action on low wages and work towards the payment of a living wage
  - We have a policy or commitment which includes a clear statement of equal pay for work of equal value for our direct employees
  - Our company has a policy or commitment to pay living wages to all our direct employees
  - Our top management has endorsed our commitment to pay living wages to all our direct employees

- We have established our business case for paying a living wage to our direct employees
- We have identified gaps between current wages paid to our direct employees and credible living wage estimates
- Our company has a policy or commitment that workers employed or engaged by our core contractors will receive a living wage and will receive equal pay for work of equal value
- Our company has a policy or commitment that workers employed or engaged by our non-core contractors will receive a living wage and will receive equal pay for work of equal value
- Our top management has endorsed our commitment to living wages for workers employed or engaged by our contractors
- We engaged our contractors on the business case for contractors to address low wages
- We have identified gaps between current wages paid to workers employed or engaged by our contractors and credible living wage estimates
- Our company is a member of an initiative which includes express reference to equal pay in supply chains
- Our company is a member of an initiative which includes express reference to living wages in supply chains
- Our company has a policy or commitment that workers in defined supply chains (e.g. first-tier suppliers) will receive equal pay for work of equal value
- Our company has a policy or commitment that workers in defined supply chains (e.g. first-tier suppliers) will receive a living wage
- Our top management has endorsed our commitment to living wages for workers in our supply chain
- We engaged our suppliers on the business case for suppliers to address low wages
- We have identified gaps between current wages paid to workers in our supply chain and credible living wage estimates and have validated them with social partners
- We are already paying a living wage to all direct employees in the scope of our living wage commitment

### **3. Does your company have a clear and transparent wage-setting and wage payment process for direct employees?**

- NO**, our company does not currently have clear and transparent wage-setting and wage payment process for direct employees, but:
  - We are interested to learn more about establishing clear and transparent wage-setting processes
  - We pay all direct employees at least the legal minimum wage applicable to our enterprise
  - Wages are not yet set according to a standard pay scale communicated to all workers

- We have plans for future improvements in this area but these are not yet started
- None of the above
  
- YES**, our company has a clear and transparent wage-setting and wage payment process for direct employees:
  - We monitor changes in national law (and collective bargaining agreements) to ensure wages are compliant with legal minimum wages (and collective bargaining agreements where applicable) on an ongoing basis
  - Wages are compliant with regulations on social insurance payments and paid holidays
  - We conduct wage setting and revision based on analysis of prevailing rates of pay in the industry
  - Workers are informed about wage setting and revision at the start of their employment (individual work contract or employee handbook)
  - Workers are informed about wage setting and revision in the course of carrying out their work (through regular communication channels)
  - Workers are informed about wage setting and revision at the time of payment (with a detailed pay slip)
  - Workers' representatives are informed about basic wage levels, pay scales and revision of basic wages
  - We have formal wage policies and procedures used to determine pay scales and individual workers' pay
  - We have a clear policy setting out instances where lawful wage deductions can be made, and there is a process/function to verify these are in alignment with national law
  - Where wages are not time-based (eg piece-rated), basic rates of pay are always achievable within normal/standard working hours
  - Wages and pay scales are reviewed and revised at least once every calendar year to adapt to increases in the cost of living
  - Annual revisions to basic wages result in wage increases at least in proportion to price increases
  - Wages paid to direct employees progress in accordance with enterprise growth and profitability
  - Workers – and their representatives - are consulted about basic wage levels, pay scales and revision of basic wages
  - There are limits on the maximum proportion (%) of remuneration paid in kind, in line with national law, and there is a clear, transparent basis for valuation of in-kind benefits
  - There is a clearly defined basis for any instances of variable (piece-rated/task-based), based on an assessment of standard performance for a standard working time unit

- There is a clear and documented link between wages and working hours, including a clear policy on voluntary overtime
- We keep records of all payments and provide wage slips or electronic receipts for all workers
- We have a formalized payroll system integrating working hours recording
- We have a digital payroll calculation system which integrates working hours recording
- Wages are paid through bank transfer
- There is a formalized pay scale that is negotiated with workers representatives that take into account aspects such as education, skills and professional experience.
- There is a process to regularly review wages to monitor and address any instances of unequal pay for work of equal value
- There is a process to regularly review wages to monitor and address any instances of payment of wages that are below the cost of living estimates
- There exists a grievance mechanism for managing complaints related to unequal pay
- We conduct periodic spot checks to ensure full and timely payment of wages
- Trade unions are engaged in negotiation on wage setting through collective pay bargaining
- All our direct employees' wages are determined by collective agreements on wages
- Our policy and process include maximum wage differentials - that is, permitted differences between lowest and highest-paid workers

#### 4. Does your company encourage contractors to take action on low wages and work towards the payment of a living wage?

- NO**, our company has not yet started to work with contractors on low wages and the payment of a living wage, but:
  - We are planning to begin work with our contractors towards addressing low wages and achieving living wage
  - Our company needs to first complete a full mapping of contractors performing work for our business
  - None of the above
- YES**, our company works with contractors to address low wages and to work toward the payment of a living wage:
  - Our company focuses on living wages for employees of core contractors but does not work with non-core contractors
  - Our company focuses on living wages for employees of non-core contractors but does not work with core contractors

- Our company focuses on living wages for employees of both core contractors and non-core contractors
- Our human rights due diligence (and associated audits, certification and assurance activities) of third party contractors includes low wages, equal pay for work of equal value, and living wage within its scope
- Our human rights due diligence has identified salient risks relating to equal pay for work of equal value in our contractor workforce, and / or has identified high-risk contractor workforces in relation to equal pay for work of equal value
- Our human rights due diligence has identified salient risks relating to unduly low wages in our contractor workforce, and / or has identified high-risk contractor workforces in relation to unduly low wages and payment of a living wage
- We have identified - and / or supported our contractors to identify - relevant and credible living wage estimates for third party workforces employed by our contractors
- We have a process to regularly review wages to monitor and address any pay gaps between direct and contracted staff performing the same functions
- Payment of a living wage is included as a contractual obligation for some contractors
- Payment of a living wage is included as a contractual obligation for all contractors
- We have prepared guidance for contractors on addressing low wages, equal pay and achieving living wages
- We have provided training and capacity building on low wages, equal pay and living wages with contractors
- We have a process to monitor risks of low pay and unequal pay amongst our contractors, including spot-checks
- We require our contractors to report regularly on wages for the lowest paid workers
- We require our contractors to provide data on wages for the lowest paid workers
- We track effective wages for employees of contractors and measure them against a credible living wage estimate
- We are taking steps to mitigate living wage risks in our third party workforce(s)
- One or more functions within the business, especially procurement, are responsible for the process in addition to corporate responsibility
- We look at our own procurement and contractor management practices with a view to enabling our contractors to pay a living wage

**5. Does your company encourage suppliers to take action on low wages and work towards the payment of a living wage?**

- NO**, our company has not yet started to work with suppliers on low wages and the payment of a living wage, but:

- We are planning to begin work with our suppliers towards addressing low wages and achieving living wage
  - Our company needs to first complete a full mapping of our suppliers in order to identify key suppliers to engage on low wages and living wage
  - None of the above
- YES**, our company works with suppliers to address low wages and to work toward the payment of a living wage:
- We have begun to pilot work on living wages in relation to our core suppliers and/or highest-risk suppliers
  - Our human rights due diligence (and associated audits, certification and assurance activities) of suppliers includes equal pay for work of equal value within its scope
  - Our human rights due diligence (and associated audits, certification and assurance activities) of suppliers includes unduly low wages and living wage within its scope
  - Our human rights due diligence has identified salient risks relating to equal pay for work of equal value in our supply chain, and / or has identified high-risk supplier workforces in relation to equal pay for work of equal value
  - Our human rights due diligence has identified salient risks relating to unduly low wages in our supply chain, and / or has identified high-risk supplier workforces in relation to unduly low wages and payment of a living wage
  - We have identified - and / or supported our suppliers to identify - relevant and credible living wage estimates for supplier workforces
  - Payment of living wages to direct employees is included as a contractual obligation for core suppliers
  - We require our suppliers to report regularly on wages for the lowest paid workers
  - We have prepared guidance for suppliers on addressing low wages, equal pay and achieving living wages
  - We have a process to monitor risks of low pay amongst our suppliers
  - We require our suppliers to provide data on wages for the lowest paid workers
  - We track effective wages for employees of suppliers and measure them against a credible living wage estimate
  - We are taking steps to mitigate living wage risks in our supply chain
  - We have encouraged suppliers to join or participate in industry or multi-stakeholder initiatives focused on achieving living wages
  - We have provided training and capacity building on living wages for all suppliers (or all higher risk suppliers - where a risk assessment has been conducted), including training on social dialogue

- We analyse and adapt our own purchasing practices with a view to enabling our suppliers to pay a living wage
- We offer support to first tier suppliers to achieve living wages for workers at lower tier production operations, and / or in outsourced workforces

**6. Does your company look into its own purchasing practices in order to impact its suppliers' and contractors' capacity to advance decent work, including the payment of a living wage?**

- NO**, our company has not yet begun to look at our own purchasing practices in relation to advancing decent work, including living wage payment, at third party contractors and suppliers, but:
  - We are interested to learn more about modifying purchasing practices to support suppliers' and contractors' capacity to advance decent work, including the payment of a living wage
  - There are plans to begin work in this area
  - Supplier performance on decent work is considered in some processes relating to procurement but not yet consistently or systematically across all suppliers/ product categories
  - None of the above
- YES**, our company has begun to look at our own purchasing practices in relation to advancing decent work, including living wage payment, at third party contractors and suppliers:
  - We have mapped existing suppliers / contractors and purchasing systems and (potential) negative impact on decent work at our suppliers / contractors
  - Our company has top management buy-in and commitment to a purchasing practices approach which integrates responsible purchasing practices which support the advancement of decent work into strategy and decision-making processes
  - We have developed guidance and training for purchasing departments on how our purchasing practices can impact suppliers / contractors capacity to advance decent work, and specifically achievement of a living wage
  - We have taken steps to improve communication with suppliers (e.g. on critical path and specifications)
  - Ability to deliver on living wage commitments is a key criterion for selecting suppliers and other business partners to work with/purchase from
  - We offer favorable terms of trade (price, volumes, insurance against risk) to suppliers and business partners who can demonstrate progress on paying living wages
  - We have taken steps to shorten our supply chain / reduce the number of suppliers / reduce the use of intermediaries / encourage longer term trading partnership with key suppliers
  - We have achieved progress on improving payment terms for suppliers (full and timely payment, reasonable penalties for delay, risk sharing, etc.)

- We have achieved progress on fair pricing which covers all costs of production, and allows respect for labour rights and ensure decent working conditions, including the payment of a living wage
- We have extended contract periods or committed to longer-term sourcing for suppliers
- Staff targets towards meeting living wage commitment are included in professional review and targets for purchasing departments

## 7. Has your company set clear time-bound targets and a strategy to address unduly low wages and to achieve your living wage commitment?

- NO**, we have not yet developed a strategy and targets to address unduly low wages and to achieve living wage, but:
  - We are interested to learn more about developing a living wage strategy and targets
  - We are in the process of developing a strategy towards achieving living wages
  - We plan to develop a strategy but the process has not yet started
  - None of the above
- YES**, we have developed a strategy and targets to address unduly low wages and to achieve living wage:
  - We monitor wage levels of direct employees but we don't measure the wage gap against a living wage estimate
  - We monitor wages of our direct employees to ensure full and timely payment of wages has been made to all workers
  - We have conducted an assessment to diagnose issues related to gender pay gaps in our direct workforce
  - We have conducted an assessment to diagnose issues related to pay gaps between permanent and non-permanent staff or between direct employees and employees of third party contractors (if applicable)
  - We have mapped applicable collective bargaining agreements applicable to wage setting for the target workforce(s)
  - We use credible living wage estimates to calculate the living wage gap and validate these estimates with social partners
  - We have established performance metrics/KPIs linked to achieving the living wage
  - We are using established tools to calculate pay gaps and measure progress.
  - We have prioritized work on locations where national minimum wages are absent, insufficient or weakly enforced
  - We have a living wage strategy which is informed by a risk assessment of low pay and existing living wage gaps

- The company's living wage strategy is time-bound - it commits to achieving living wages for all or part of the workforce within a specific timeframe
- The strategy includes in scope employees of core contractors
- The strategy includes in scope employees of non-core contractors
- The strategy includes in scope workers in the supply chain (at least the first-tier and / or highest-risk suppliers)
- Achievement of the living wage strategy is reflected in training, performance review and incentivization of key staff
- The strategy includes a framework for communicating progress on living wage

## 8. Are you reporting on progress on living wage?

- NO**, we do not yet report on our progress on living wage, but:
  - We are interested to learn more about reporting on progress
  - The company has plans to begin reporting on living wages in the future
  - None of the above
- YES**, we do report on our progress on living wage:
  - Our company reports on progress towards/achievement of living wages for our direct workforce
  - Reporting is business-to-business, investor reporting, not for public consumption
  - Reporting includes information on the scale of any remaining living wage gaps
  - Reporting is public
  - Reporting covers employees of contractors and third party labour providers
  - Reporting covers workers in the supply chain
  - We report on living wage outcomes according to the 'Accounting for a Living Wage' framework

## 9. Do you partner and engage with global and national stakeholders with the long-term goal to create a living wage economy?

- NO**, we do not currently partner and engage with global and national stakeholders
  - We are interested to learn more about potential partnerships and collaboration opportunities
  - Our company would need support to identify partnership opportunities

- None of the above
  
- YES**, we are currently engaged in partnership and collaboration with global and national stakeholders
  - We are involved in one or more partnerships in our home country focused on achieving living wages for our direct workforce and/or workers engaged by third party contractors and labour providers
  - We are involved in one or more global partnerships focused on achieving living wages for workers in our supply chains
  - We are involved in partnerships with actors in sourcing countries focused on achieving living wages for workers in those countries
  - We have undertaken an assessment of anti-trust concerns relating to collaboration on issues relating to supply chain wages, and developed a protocol to address these, or are members of an initiative which has an agreed compliance approach on anti-trust concerns
  - One or more of our suppliers has entered into a partnership with the aim of achieving living wages
  - The scope of the partnership's activities includes engaging / advocacy with policy makers, including public statement of support for adequate legal minimum wages
  - The scope of the partnership's activities includes engaging / advocating with peer companies
  - The scope of the partnership's activities includes engaging / advocating with consumers