



LIVING WAGES

for decent livelihoods and enhanced purchasing power of workers and communities

BCTI The Business Commission to Tackle Inequality

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Executive Action Brief

for corporate executives across industries aiming to provide a living wage to workers and their families, ensuring they can afford a decent standard of living.

What is a living wage?

The International Labour Organization (ILO) defines a living wage as the wage level that is necessary to afford a decent standard of living for workers and their families, considering the country's circumstances and calculated for the work performed during normal working hours.¹

Why put living wages on your corporate agenda?



Strengthen long-term supply chain stability

Minimize workforce disruptions and ensure long-term business stability.



Attract and retain top talent

Enhance talent attraction, boost engagement, productivity and loyalty while reducing turnover, absenteeism and related HR costs.



Enhance your brand reputation and value

Demonstrate social responsibility to investors, business partners, customers and communities.



Mitigate financial and regulatory risks

Stay ahead of evolving legislation while improving capital attractiveness and stock value.

Today, more than a billion working people – one-third of all workers – earn less than they need for a decent standard of living.²

Only 17% of some of the world's largest companies work with suppliers on key issues like forced labor and living wages.³

A study carried out on behalf of the Living Wage Foundation found that 93% of companies paying a living wage experience benefits for their business.⁴

Case Study: Unilever

Unilever has paid its own employees a living wage since 2020. In 2021, it expanded its commitment to its supply chain with a target for 50% of procurement spending to be with suppliers who signed its Living Wage Promise by 2026. Through the Sustainable Trade Initiative (IDH), Unilever launched a capability building program for its key suppliers to equip them with the tools and expertise to start their living wage journey. To further enable progress, Unilever leverages business coalitions and partners, including WBCSD, the UN Global Compact and AIM-Progress, to drive increased private sector action and government legislation, which levels the playing field.

"A living wage is one of the most powerful actions business can take to tackle economic inequality. By uniting to advance the agenda, we are helping to strengthen corporate value chains, boost productivity and innovation and grow consumer markets."

Rebecca Marmot, Chief Corporate Affairs and Sustainability Officer, Unilever

How can you implement a living wage in your organization?

Start with your own organization

- **Establish a clear understanding of living wages** – adopt it in internal policies and align all relevant internal functions to ensure cohesive governance.
- **Identify wage gaps** by comparing current wages for direct employees (scope 1) and agency workers (scope 2) with credible living wage estimates.*
- **Develop a data-driven business case** to calculate the costs and benefits of paying a living wage.
- **Develop a detailed, time-bound financing and implementation plan** with top management sign-off.
- **Regularly monitor, measure and report** on your progress to ensure transparency and accountability.

Extend to your supply chain

- **Develop an action plan linked to your living wage targets**, with the support of leading frameworks.*
- **Equip your suppliers with the necessary tools**, like wage assessment, financial planning resources and expert consultation to address living wage gaps. Also conduct training sessions with the support of expert organizations to highlight the “why” and “how” in practice.
- **Integrate living wage specifications into the procurement due diligence process** and monitor compliance through regular audits.
- **Develop a detailed, time-bound plan for implementation together with strategic suppliers.** Prioritize key suppliers and establish targets for engagement and progress.
- **Regularly monitor, measure and report** on progress in your supply chain and ensure an auditing process is in place.

* See Key resources on page 4

How can you drive progress on living wages at a system level?

Support government action

- Call on governments to create a level playing field through legislation by:
 - Establishing minimum wages where they are not in place.
 - Aligning existing minimum wages with living wage standards.
- Support industry-wide collective bargaining.
- Leverage trade groups and advocacy platforms to influence legislative frameworks.

Accelerate business engagement

- Advocate for industry standards, data availability and spearheading initiatives such as the UN Global Compact’s Forward Faster targets for living wage action.
- Support the business case for living wages and promote it with private sector peers and employer groups.

Engage the investor community

- Encourage the financial community to include living wages as a key criterion in investment decisions and stewardship and to prioritize companies with transparent and equitable wage practices.

“As the private sector employs two-thirds of the world’s wage-earning population, it has the ability to contribute significantly to global poverty reduction and inequality through the provision of living wages as an essential aspect of decent work. While ensuring payment of living wages is often seen as a cost, it can offer a host of benefits to businesses and should be seen as an investment.”

Sanda Ojiambo, CEO and Executive Director of the United Nations Global Compact.

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References

¹ International Labour Organization (ILO) (2024). *ILO reaches agreement on the issue of living wages*. Retrieved from: <https://www.ilo.org/resource/news/ilo-reaches-agreement-issue-living-wages>.

² Forward Faster. Living Wage. Retrieved from: <https://forwardfaster.unglobalcompact.org/living-wage>.

³ Know the Chain & Business & Human Rights Resource Centre (2022). *2022 Risk and Remedy Briefing: Forced Labour Risks, Remedy and Changing Regulation*. Retrieved from: https://media.business-humanrights.org/media/documents/KTC_2022_Risk_and_remedy_briefing.pdf.

⁴ Heery, E., Nash, D. & Hann, D. (2017). *The Living Wage Employer Experience*. [A study carried out on behalf of the Living Wage Foundation] Cardiff Business School, Cardiff University. Retrieved from: https://www.cardiff.ac.uk/_data/assets/pdf_file/0008/722429/The-Living-Wage-Employer-Experience-Report.pdf.

Key resources

[Forward Faster Action Guide](#)

United Nations Global Compact (UNGC)

A resource providing details on definitions, action examples, key performance indicators (KPIs), interim targets and other resources to help strategize and meet targets by 2030

[Roadmap on Living Wages](#)

IDH

A roadmap offering tools like a benchmark finder, salary matrix gap measurement, a Living Wage Action Guide, auditing guidelines and case studies

[The Anker Methodology](#)

Anker Research Institute

A well-established methodology by the Anker Research Institute for calculating living wages

[The Living Wage Playbook](#)

AIM-Progress

A guide to help companies implement living wage strategies, offering practical steps and resources to ensure fair wages globally

[The Living Wage Promise](#)

AIM-Progress

A commitment by businesses to ensure suppliers pay workers a living wage, with guidelines for engagement and alignment with global initiatives

[WageIndicator](#)

WageIndicator Foundation

A global living wage database offering wage data across countries and sectors

[WageMap](#)

WageMap Consortium

A consortium of data and service providers aligning living wage methodologies for transparency

[Executive Action Brief on Human Rights](#)

Business Commission to Tackle Inequality (BCTI)

[Executive Action Brief on Just Transition](#)

Business Commission to Tackle Inequality (BCTI)

The Business Commission to Tackle Inequality (BCTI) is a cross-sector, multi-stakeholder coalition of organizations and their leaders with the mission of mobilizing the private sector to tackle inequality and generate shared prosperity for all.

For more information and for details on other key business action areas to tackle inequality see the BCTI's flagship report – **[Tackling Inequality: An agenda for business action](#)**

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