

FWN LIVING WAGE METHODOLOGY 2025

I. The living wage: Definition

What is the living wage?

The living wage is defined as a level of income that allows an individual worker to meet his/her basic needs and those of his/her family (in terms of food, housing, education, health, etc.) but at decent standards.

What differences between the living wage, the minimum wage and fair wage?

Many similar terms are used in this area by companies and academics: minimum wage, living wage, fair wage, decent wage. Although they are often used indifferently,¹ these terms do not mean the same thing and should thus be distinguished.

- **The minimum wage** is the wage floor defined by governments after consultations of social partners (or eventually in some countries fixed directly by social partners)
- **The living wage** is the minimum required for ensuring the coverage of workers' and their families' basic needs.
- **Fair wage** (decent wage being a close concept) corresponds to wage practices and levels that ensure sustainable developments at enterprise level including the payment of a living wage but also other wage elements.

II. The Living wage: Methodology

What is the living wage methodology of the Fair Wage Network?

When we started the Fair Wage approach the situation with regard the living wage was rather complex. There was no generally agreed methodology on how to measure a living wage, while there were a number of organizations involved in the calculation of a living wage. However, these methods were very different: they were often not calculated on the same year, the family size taken as the reference (1 adult, or two adults + 2 dependents etc.), or the time unit (monthly, yearly, weekly, daily) for the living wage calculation were also differing. The currency unit could also be different, some calculating in local currency unit and others for instance in USD. These large differences in the methodologies were also leading to great variations in the living wage calculations. Partly because of this, many companies were reluctant to make commitments to ensure the living wage payments in their operations or supply chains.

How does the FWN calculate the living wage for a typical family?

Field work

Confronted to this situation, the FWN took the decision to implement one major activity: extensive field work. We believe in fact that the collection of data at local/national level is the

¹ For instance in the report 'The living wage: Towards better practices', by Almundi, 2018, p.8.

most solid way to collect living wage figures that match the reality of workers and their families.

Criteria

The idea of a living wage is that workers and their families should be able to afford a basic, but decent, life style that is considered acceptable by society at its current level of economic development. Workers and their families should be able to live above the poverty level, and be able to participate in social and cultural life. The list of goods and services in the basket retained for the calculations of the living wage should reflect this objective and include all necessary and basic areas of expenditure of workers and their families, and in particular:

- Housing (according to UN-Habitat, UN criteria) and utilities;
- Food (that is enough to ensure 2200-3000 kilo-calories/adult/day)
- Clothing
- Education / Childcare
- Healthcare / Wellness
- Transport & Communication
- and a percentage left for leisure and/or for some precautionary savings to face eventual unexpected expenditure.

These represent a list of 'minimum elements a living wage methodology needs to include'. At the same time it is checked whether the food list is sufficiently balanced between the basic food groups, namely vegetables, grains, fruits, dairy, meat, beans, oils, and sweets, and also within the total list between the different categories of expenditures (for instance also enough for heating, or for medication etc.). At the same time, on the basis of workers' reports on their expenditures, a structure of goods and quantity of goods is defined, with also the definition of a sort of a model diet for each country that will reflect both FAO food balance sheets and the varying food consumption patterns and habits identified in each country through the workers' survey and also local surveys. We include as far as possible all food items from the FAO database that already reflects the food preferences in a country with some adjustments due to local consumption patterns and this list is also checked against the balanced diet defined by the World Health Organisation (WHO).

In terms of housing, we ask workers whether they rent a place or if they are owners. In the first case, we ask for the rent, and in the second case for the monthly costs for reimbursing the principal capital, and also the costs in terms of interest rates on mortgages and other types of loans. Prices are collected for locations that are recognized as not being part of unsafe areas. The standard are along UN Habitat criteria, and certainly as a minimum to have permanent walls, a solid roof, sanitary toilet facilities, adequate ventilation and permanent access to electricity, water and heating. Average costs for utilities are also calculated, for drinking water, electricity, garbage collection or other collective charges, fuel/gas for heating and/or cooking, internet connection, expenditures for maintenance, repairs or replacement of households' equipment.

The calculation of living wages is based on different standards in terms of year of reference, size of households, time unit currency units etc. We proceed to an in-depth harmonisation process of all data to put all of them to the same standards. We retained as the common standards:

- a family size along the local fertility rate (2 adults + fertility rate)

- Local currency unit
- Monthly time unit
- Adjustment to the number of income earners
- An adjustment to price increases up to the current year (here updated early September 2024 until end June 2024 – next adjustment will take place early September 2025)

This allows us to have data that reflect the need of a typical family along local demographics (fertility rate) and local employment rates (number of income earners in the family).

Surveys and collection of data

The field work is carried out by the FWN in a multi-step process:

First with surveys being carried out among workers in factories/farms in the different locations that allows to capture what are the daily and also monthly expenditures of workers and their families, and also what do they consume and in what quantities. These surveys are then combined with surveys carried out in local markets and local shops to capture the right prices of basic goods and services.

Surveys on workers' expenditures

A representative sample of workers and a minimum number of 80 workers are interviewed in each factory/farm under survey. Questions are asked on their family expenditures with also more qualitative questions on the eventual living difficulties they may face. The survey results allow us to know what do workers consume in their family and for what prices. In order not to have the responses of workers on their living standards be influenced by their income situation, we interview workers in different grades and positions in the companies (under the assumption that quality and quantity of items increases along the income situation). We also add to their expenditures 15 to 20% for precautionary savings to cover eventual unexpected expenditures. The Covid-19 crisis confirmed that in periods of crisis workers have to face unexpected expenditures, in this case increased costs due to health care. The amount for savings is adjusted according to the data collected through qualitative questions asked to workers about their past capacity to face such unexpected expenditures and the ways they were able to cover them, either through using their own savings or through loans asked to family members or financial institutions, which help us to identify the living difficulties of workers and their families.

Surveys among local markets/shops

Workers' expenditures are then combined with surveys carried out in local markets and local shops. This allows to check that the prices provided by the workers are fully accurate since there is always a risk that workers would over-estimate prices and their expenditures with the expectation that this would push the company to increase their wages. The local market surveys are carried out both in urban and rural areas since costs of living are different between these two types of areas. These two sources of information then help us to define what should the living wage be for the workers in the respective factories and localities.

The above surveys are collected through two different channels. Since the FWN carries out fair wage assessments for companies all over the world, they represent a unique opportunity to systematically carry out workers' expenditures surveys and local market surveys.

When the FWN identifies countries and/or regions where there is a need for more and newer data, its team of local assessors carries out extensive surveys in those localities to provide new data and living wage benchmarks (see example below on India and other countries).

Progressively, the online living wage database has been enriched by more living wage data by region and city enabling to make living wage gap analyses more granular. Stimulated by companies' requests, the current focus of the FWN is to collect a maximum number of data to calculate more regional and city living wage thresholds.

Calculation

We calculate the average of each component (housing, food, clothing, health, education/childcare, transport/communication, leisure, other discretionary spending) and sum up all the averages to obtain the monthly average budget needed for the average household.

Household size for the living wage

First, we determine the average household size of households surveyed to understand to who and to how many persons (in terms of adults and dependents) does the cost of living amount we just calculated correspond.

We calculate the local family size based on UN national total fertility rate and adjust the budget of the average household previously calculated thanks to a modified OECD equivalent scale.

After that, we obtain the cost of living needed for a typical household size along fertility rate. Then, this amount can be declined to different household sizes, the most used ones are: the typical size for a 'typical family' (along fertility rate) and the standard size for a 'classical family' (2 adults and 2 children)

Determining the number of working adults

FWN takes on board the 2 common assumptions usually used in living wage methodology and presents a distinct threshold for each of them:

- The non-adjusted living wage with the assumption that one single worker provides financial support for the family;
- The adjusted living wage which considers the labour participation and unemployment rates in the local area to identify a more realistic number of full-time workers per couple, i.e. between one and two.

In the first case, we take into account the total costs of living calculated previously.

In the second case, we defrayed the full costs of living over the number of income earners in the household.

Calculating the number of income earners

We use the Anker formula²:

Average income earner = 1 + Proportion of full-time equivalent worker per working age adult

² Anker, Richard; Anker, Martha (2017) : Living Wages Around the World: Manual for Measurement, ISBN 978-1-78643-146-2, Edward Elgar Publishing, Cheltenham, <https://doi.org/10.4337/9781786431462>

assuming

Proportion of full-time equivalent work per working age adult = Average adult LFPR × (1 - unemployment rate) × (1 - [part-time employment rate ÷ 2])

With LFPR : labour force participation rate

Costs included in the living wage

Food costs

First, by interviewing the workers, we identify the amount they need for food. At the same time, on the basis of workers' reports on their expenditures, a structure of goods and quantity of goods is defined, with also the definition of a sort of a model diet for each country that will reflect both FAO food balance sheets and the varying food consumption patterns and habits identified in each country through the workers' survey and also local surveys. Indeed, we determine a food list sufficiently balanced between the basic food groups, namely vegetables, grains, fruits, dairy, meat, beans, oils, and sweets, and also within the total list between the different categories of expenditures (for instance also enough for heating, or for medication etc.). We include as far as possible all food items from the FAO database that already reflects the food preferences in a country with some adjustments due to local consumption patterns and this list is also checked against the balanced diet defined by the World Health Organisation (WHO). We price the built food list thanks to market survey and adjust correspondingly the amount of expenditures previously collected.

Housing and utilities costs

In terms of housing, we ask workers whether they rent a place or if they are owners. In the first case, we ask for the rent, and in the second case for the monthly costs for reimbursing the principal capital, and also the costs in terms of interest rates on mortgages and other types of loans. Prices are collected for locations that are recognized as not being part of unsafe areas. By visiting a sample of workers' habitat, our researchers also verify if it is decent enough. The standard is along UN Habitat criteria, and certainly needs as a minimum to have permanent walls, a solid roof, sanitary toilet facilities, adequate ventilation and permanent access to electricity, water and heating. Average costs for utilities are also calculated, for drinking water, electricity, garbage collection or other collective charges, fuel/gas for heating and/or cooking, internet connection, expenditures for maintenance, repairs or replacement of households' equipment.

Health costs

We collect from the interviewees the amount of out-of-pockets medical expenses and the frequency of visits to health facility which lead to purchases of medicine. Then, we post-check the latter data with the survey on the market (we check the prices of visits to health care providers and general cost of common medication). We allow ourselves to adjust the initial expenditure.

Health and wellness

The costs of essential hygiene products, such as soap, shampoo, and dental care items, as well as personal care products for the elderly, including adult diapers and other hygiene necessities, are accounted for in this category.

Education / Childcare

We ask the workers' expenditure related to education. Costs for decent education and childcare are considered and put in the same category for now. Childcare costs are the most important item though. Indeed, if the child is in pre-school year, we assume that there should be costs related to childcare whereas if he/she is in school year, we assume there might be additional fees related to tuition, uniforms, books and other needed materials (that might be low ie by default, we rather consider public schooling). Education also includes possible training for workers or members of their family according to the information the workers display.

Clothes

We question the workers on expenses on all family clothing, shoes, accessories and their maintenance (dry cleaning/shoe repair).

Transport/ Communication

Workers indicate their transport expenses and the type of transportation for all the members of the family.

We also ask workers about their expenditure in terms of communication (mobile services, internet)

Leisure

This allows us to include the social life as part of the living wage standard. The questions encompass the expenses on holidays, if any, the cultural and sporting activities, the entertainment, family events (weddings etc.), the dining out and gifts.

Other discretionary spending

This is a large category with variable proportion in the budget of the household. We allow some flexibility here and includes either miscellaneous goods and services, or financial services or savings for unexpected events.

To summarize, the calculation of living wages is based on different standards in terms of year of reference, size of households, time unit currency units etc. We proceed to an in-depth harmonisation process of all data to put all of them to the same standards. We retained as the common standards:

- a family size along the local fertility rate (2 adults + fertility rate)
- Local currency unit
- Monthly time unit
- Adjustment to the number of income earners
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This allows us to have data that reflect the needs of a typical family along local demographics (fertility rate) and local employment rates (number of income earners in the family).

The Living Wage Equation

$$\text{FWN Living Wage} = \frac{\sum (\text{housing} + \text{food} + \text{education and childcare} + \text{healthcare and wellness} + \text{transport and communication} + \text{leisure} + \text{discretionary spending} / \text{precautionary saving})}{\div \text{Number of income earners}}$$

Living wage after income tax and social security contributions

The FWN LW corresponds directly to the take-home pay that an individual worker would need to cover the basic needs of his/her family after the employer on behalf of the company or the workers has paid obligatory taxes (such as up-front income taxes) and social security contributions. We assume that all the statutory deductions from pay have been already taken out such that the level of the living wage threshold is enough for the necessary expenditure of the household.

Salary Benchmarking with the Living Wage

$$\text{Net take-home pay (deducted from social contributions and upfront income taxes)} = \text{FWN living wage}$$

When the user is benchmarking the salary against the FWN LW, we suggest to use directly the take home pay for the income: this means that we consider the net aspect more on the income side (left side of the equation) rather than the gross on the living wage side (right side of the equation). The FWN nevertheless can provide both figures to its users, net and gross living wage.

Involvement of workers' representatives and other stakeholders

The FWN systematically involves workers' representatives in its living wage work: discussions with trade unions about the optimal basket of goods and services or whether certain questions should be added to our surveys considering local/national specificities. This consultation is not only about the living costs (right part of the equation) but also about the total income package (left side of the equation) and the definition of guaranteed sources of income (either stipulated by law or by collective bargaining). Trade unions can help to refine the composition of the optimal basket of goods and services and to determine whether specific questions should be added to surveys to account for local or national specificities.

Trade unions -or if there are no trade unions workers' representatives for instance in works' councils or workers' committees- are also systematically involved in the discussions about the outcomes of our living wage analyses, and are also requested to play an active role in our

remediation phase. For instance, we ask companies to define, agree and sign a 'Fair Wage Remediation Plan' that will provide concrete KPIs to follow to reach a living wage payment for all workers and which will involve workers' representatives in its implementation.

We also ask workers' representatives to design and carry out with the management an annual survey of living costs among workers to identify on a regular basis (for instance annually) eventual living costs' difficulties and identify workers' profiles more at risk. These are also sources of information that can complement our own field work on the living wage.

We finally work with trade unions in different countries to ensure that wages negotiated in their forthcoming collective bargaining rounds will incorporate the needs to lift up all workers to the local living wage benchmarks.

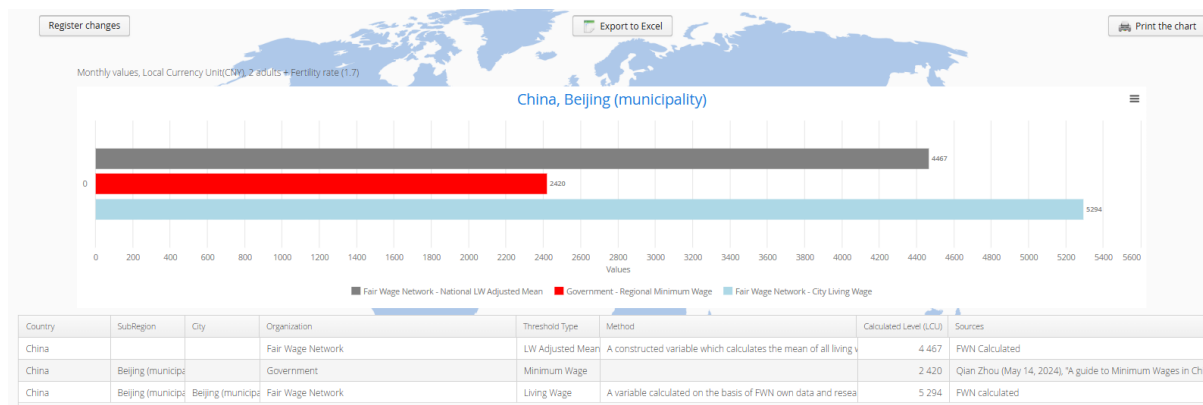
We also have regular discussions with national organisations that work on the living wage such as the MIT in the US, the UK Living wage foundation in the UK, or the Asia Floor Wage in India and Asian markets, Clean Clothes Campaign, Oxfam and many others. We also have regular discussions with employers' organisations including those more specialized on Human Rights (For instance the French Institute for Human Rights E-DH) or Sustainability, or working in specific sectors (Camera Nazionale della Moda Italiana; Chambers of Agriculture or of textile etc.)

III. Living wage thresholds presented on the FWN online local database

The above research work allows to collect living wage data at local level, with now more than 3,500 living wages at the level of the individual regions and cities, with also differences between rural and urban areas (see the example of India in the box below). This then allows to have also national living wage thresholds in nearly 200 countries.

Calculation of the FWN living wage adjusted mean

Once all the local living wage thresholds have been defined and applied the same standards, they all appear in the FWN online living wage platform (see screenshot below for instance for a search on living wage benchmarks in Beijing in China). These local thresholds also help to generate the FWN living wage adjustment mean which is the national average of all the local thresholds. It is all these relevant local and national living wage benchmarks that are used by brands like UNILEVER, L'OREAL, SCHNEIDER ELECTRIC, AXA, HSBC and many others to compare the wage levels of their employees in different countries. At the same time, the graph is also showing the national minimum wage in the country or the relevant region (here-below Beijing in China) as another important reference.



FWN collecting living wage thresholds at local level: the example of India 2020-2023

India is a good example of a country when the FWN saw recently the need to collect more data at regional level considering the scale of the country and the huge differences in costs of living between provinces, but also -within each province- between urban and rural areas. This is the reason why the FWN (with through its local partner Sentio-Advisory) conducted from early June 2020 (immediately after the lockdown due to Covid-19) a large scale field exercise that consisted in different steps:

- Collecting data on wages and living costs in 14 different States of India.
- Visiting a number of companies in each of the 14 states with individual interviews of workers among a minimum sample of 80 workers in each company (both direct employees and contractual workers) to know their family expenditure in different fields (housing, food, education, health, etc.).
- Carrying out surveys of market rates in the same 14 states to have also a feedback from the consumers' markets and to complement the figures provided by the workers.
- Reproducing the above two exercises (factory visits and market surveys) in both urban and rural areas within each state to capture differences in living costs but also in terms of wage levels and wage structure.
- Building a comprehensive database on wages and living wages and in particular defining 28 living wage thresholds to cover both urban and rural areas in the 14 states.

This led to one of most unique living wage database currently existing in India, and which was complemented in 2023 by similar field work carried out in more states to progressively cover different categories of workers in all states of the country.

This exercise was extended to neighbouring countries, with similar surveys being conducted in Bangladesh, Nepal, Pakistan and Sri Lanka in 2023, and in Indonesia in 2024.

In 2023-2024 new surveys have been carried out in a number of African countries, in Burundi, Nigeria, Democratic Republic of Congo and Ethiopia, and also in Indonesia, Mongolia, and many others.

Despite this extensive database, there may occasionally be instances where living wage (LW) estimates are unavailable for specific localities. The paragraph below provides a structured approach for addressing such cases.

FWN's Layered Approach to select Living Wage estimates

FWN employs a multi-layered methodology to ensure that users can identify the most appropriate proxy for a living wage, even in the absence of a direct estimate for a specific location.

Step 1: Identify the Closest Local Living Wage Benchmark

- **Primary Search:** Begin by referencing FWN's database of over 3,500 localities. Locate the LW benchmark that corresponds to the exact location where workers are employed.
- **Proxy Selection:** If no exact match exists, identify the nearest locality (approx.. maximum 50 kms away) with similar characteristics (e.g., population size, urban density, same level of development in terms of infrastructure or economic activity) and use that LW estimate as a proxy. This ensures that the estimate reflects conditions comparable to the worker's actual environment.
- In case the living and working location are different, we uphold the principle that workers should have the financial ability to reside near their place of employment, even in higher-cost urban areas and we assume it is rather a personal choice of the workers to leave in the peripheral areas of the city and to commute for work if necessary. Therefore, the appropriate proxy aligns with the city of the work location.

Step 2: Use Regional Living Wage Benchmarks

- If no proximate locality-level LW is available, escalate to the next administrative level:
 - o Examples: Use provincial benchmarks in China, county or state-level benchmarks in the U.S., or state-level benchmarks in India.
- This step maintains regional specificity, even in the absence of precise local data.

Step 3: Refer to National Living Wage estimates

- **Fallback Option:** When no subnational LW estimates are available (an extremely rare scenario), refer to the national LW benchmark for the country.

While less granular, national estimates provide a standardized baseline for compliance and analysis.

Step 4: Capturing living costs also in rural areas

- A number of surveys have been done in rural areas where the locality itself in our database represents a rural threshold (for instance in Madagascar);

- In a number of large countries, there is also a distinction available in the database between rural and urban areas (as in India and a number of African countries/regions).
- For areas lacking rural-specific benchmarks, consider using estimates from neighbouring cities with similar suburban or semi-rural characteristics.

IV. A method that respects 5 key basic principles

The FWN has the merit to respect the basic principles that we believe a worldwide living wage methodology should have if it wants to represent a reliable benchmark for brands working on operations in multiple countries.

The five basic principles for a worldwide living wage methodology

Such method should be:

Principle 1	Reliable
Principle 2	Transparent
Principle 3	Scalable
Principle 4	Adapted on a regular basis
Principle 5	Legitimate

Reliable

To be reliable, the living wage methodology must be based on objective and not subjective criteria. This is the case of the FWN through its multi-step process based on a comprehensive list of criteria, its data coming from field work and research, and with the aim of getting the most balanced figure and the closest to the reality of workers and their family.

Transparent

It should be possible at any point to trace back how a living wage threshold was calculated, with data being also available on the structure of consumption and the costs included in the living wage. This is important for companies that are often the target of NGOs campaigns and that should thus explain their living wage method.

Scalable

A brand working in different markets cannot be using different living wage methodologies according to the countries but requires one coherent methodology across countries. This methodology should also have data on all countries. By using the same multi-step process in every country, and by proposing living wage thresholds in nearly 200 countries, the FWN online living wage database can represent a precious tool to companies willing to evaluate their living wage gap in all the countries where they operate.

Adapted on a regular basis

To be reflecting the living wage situation of workers' families in the closest way, the living wage data should be adapted on a regular basis, at least once a year. This is the case of the FWN database for which a team of researchers collects data every day in order to be ready to

adjust the database once a year. Data are also checked for consistency over time. In case structural discrepancies are detected (for instance a significant increase or decrease by more than 20% over the year) a thorough analysis is carried out with local experts and eventually additional surveys can be carried out.

Legitimate

A living wage methodology should somehow be recognized by the multiple stakeholders working on global supply chains and more generally on sustainability. The FWN has progressively acquired such notoriety with its living wage database being used by an increasing number of companies and diversified sectors. The FWN typical family living wage benchmark was also recognized by the IDH recognition process (see above). The 2021 questionnaire carried out by Standard & Poor in the frame of the Dow Jones Sustainability Index has revealed that the FWN living wage database was the living wage methodology most used by the companies.

The Fair Wage Network (FWN) also has an approach to safeguard the integrity and objectivity of its processes, the FWN has implemented a robust structure that minimizes the risk of conflicts of interest. The FWN 'Integrity Policy Note: To avoid conflicts of interests' outlines the framework and measures adopted by the FWN to ensure the independency and transparency of its operations.

V. A living wage method enshrined into a more global Fair Wage strategy

The original aim of the FWN is to provide companies with a concrete tool to better understand the wage practices of their own enterprises or suppliers through fair wage assessments at factory level that combine both management and worker surveys to reproduce the performance of the individual factory on 12 complementary dimensions (see below).³

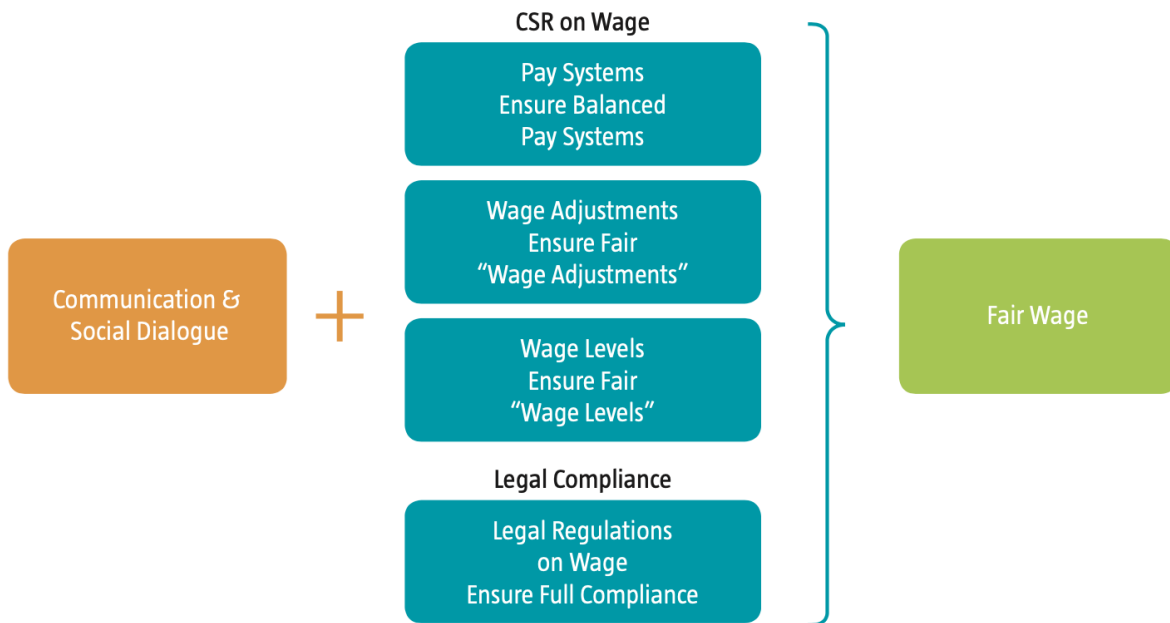
A fair wage could be defined as:	
1. Payment of wages	A wage which is regularly and formally paid in full to the workers.
2. Living wage	A wage that ensures minimum acceptable living standards.
3. Minimum wage	A wage which respects the minimum wage regulations.
4. Prevailing wage	A wage which is comparable to wages in similar enterprises in the same sector.
5. Payment of working time	A wage that does not generate excessive working hours and properly rewards normal working hours and overtime.
6. Pay systems	A wage that leads to a balanced wage structure/composition between the basic wage and additional bonuses and benefits.

³ See the original approach described in Daniel Vaughan-Whitehead (2010): 'Fair Wages: Strengthening Corporate Social Responsibility', Edward Elgar, and Daniel Vaughan-Whitehead (2025 – forthcoming): 'Fair Wages: Unlocking Social Sustainability', Edward Elgar.

	<p>A wage that reflects different levels of education, skills and professional experience, as well as rewarding individual and collective performance.</p> <p>A wage that complies with regulations on social insurance payments and paid holidays and is not dominated by disciplinary wage sanctions.</p>
7. Communication and social dialogue	<p>A wage on which workers receive sufficient information in advance (through an individual work contract), in the course of the production process (through regular communication channels) and at the time of the wage payment (with a detailed pay slip).</p> <p>A wage that is negotiated individually (between the employee and his or her own individual employer) and if appropriate collectively (notably through collective bargaining between the employer and the workers' representatives who are freely accepted in the company).</p>
8. Wage discrimination/ wage disparity	<p>An equal wage for equal work that does not lead to wage discrimination and does not generate unjustified and high wage differentials within the company.</p>
9. Real wages	<p>A wage that progresses at least in proportion to increases in the cost of living.</p>
10. Wage share	<p>A wage that progresses proportionally along with enterprise sales and profit growth and which does not lead to a fall in the wage share in enterprise performance growth.</p>
11. Wage costs	<p>A wage whose progression does not lead to a dramatic reduction in wage costs within total production costs and as a percentage of employment.</p>
12. Work intensity, technology and increases in skill	<p>A wage that progresses along with changes in intensity at work, technological content and the evolving skills and tasks of the labour force.</p>

These 12 dimensions can also be regrouped in the following five major areas: legal compliance (on minimum wage, number and payment of overtime); wage levels (living wage, prevailing wage, pay equality); pay systems; wage adjustments (real wage, wage share, wages and skills); and communication and social dialogue (See Figure 2)

Figure 2: A Fair Wage Framework



The Fair Wage assessment leads to a series of results, graphs and scoring on each of the 12 dimensions that helps identify the areas where the individual factories are relatively strong and those where they might be weaker and would require some possible remediation. If the individual factory reaches the threshold of 70% of the maximum possible score (that is 280 out of possible 400 points), it will be provided with the Fair Wage certification qualifying it as a ‘fair wage employer’. The Fair wage report will give the possibility to those not reaching the threshold to identify the areas where they would need to progress to improve their wage practices -including on the living wage- and to reach the necessary threshold and the certification in the following Fair Wage assessment. This is the exercise that was carried out in 2019 among 40 factories in the luxury sector in Italy covering more than 1,000 employees.

VI. The possible support by the FWN

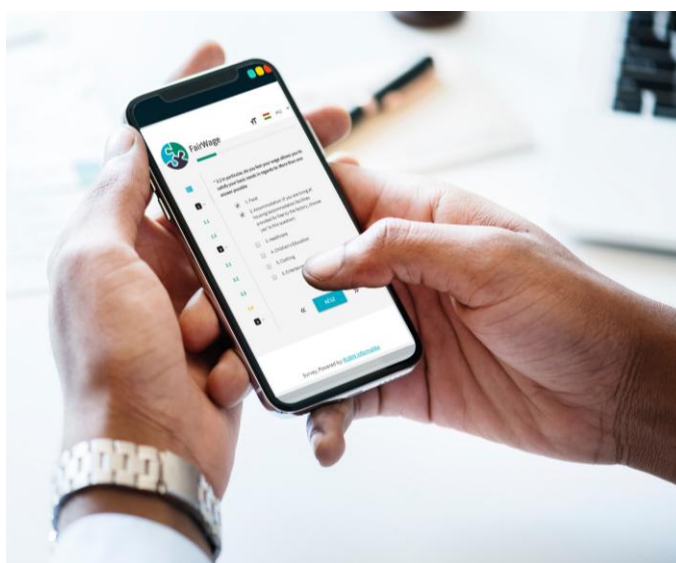
The FWN is ready to help companies to develop their living wage/fair wage strategies through different tools:

- Its living wage database with living wage thresholds in nearly 200 countries with also more than 3500 living wage thresholds at regional and city level;
- Its advisory services to help companies to define and develop their wage strategy;
- Its in-depth analysis by country by carrying out for them a living wage analysis in their different markets, that consists in comparing systematically all their individual workers’ wages to living wage thresholds and identifying how far would their eventually fall behind.
- Living wage certification on the basis of the successful results of the above living wage gap analysis and sub-sequent workers’ validation survey, to be certified as a ‘Living wage employer’.

- Its fair wage assessments to help companies to get a more global picture of wage practices, and implement necessary remediation; and to be eventually certified as a 'Fair wage employer'.

The above activities help every company to improve their knowledge of wage practices in all their companies and suppliers, and to identify the remedial action they should develop to improve the living wage situation -and more generally all their wage policies- in their different markets of operation.

All the data and reports generated by the FWN are available anytime on a dash board to facilitate the companies' management access to results and data in any circumstances. Fair Wage assessments can also be carried out online to facilitate the collection of data worldwide, notably to obtain data on worker families' expenditure on a regular basis, thus helping to enrich the FWN online living wage data in all relevant regions.



The Fair Wage assessments, beyond providing a number of useful information on wage practices, represent a useful tool to collect all the individual workers' data at factory level and to then carry out the living wage gap analysis. They also allow a brand to identify all possible areas of improvements, and then also help individual units to progress on wage practices, and through this, facilitate their achievements in terms of living wage payment.

FAIR WAGE NETWORK 2025



For more inputs on how to calculate the living wage please and relevant criteria look at the joint FWN-OECD working paper (May 2023): 'Living wages in context: A comparative analysis for OECD countries': https://www.oecd-ilibrary.org/social-issues-migration-health/living-wages-in-context_2e622174-en