

Towards a living wage in the sugarcane sector?

*Identifying feasible benchmark
methodologies to include a decent or living
wage benchmark in Bonsucro's Production
Standard*

Report by NewForesight for Bonsucro on review of
decent and living wage benchmark methodologies
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EXECUTIVE SUMMARY

Bonsucro is currently in the process of revising its Production Standard in line with the ISEAL Standard Setting Code. The Bonsucro Production Standard sets the global framework for the sustainable production of sugarcane and derived products. It also helps farmers and mills to measure their productivity and key environmental and social impacts. A key focus of the current revision process is how to provide a decent living wage to Bonsucro members' employees.

Bonsucro is aiming to adopt a methodology that offers high credibility and precision while requiring a low level of resources. This study provides a thorough review of existing benchmark methodologies that can function as a decent or living wage benchmark methodology for Bonsucro. Seven benchmark methodologies were shortlisted and assessed based on 11 sub-criteria related to *credibility and precision*, and *resource-intensiveness*.

This study also quantified the benchmark methodology for five selected countries, namely Brazil, South Africa, Guatemala, India, and Thailand for a quantitative comparison of the potential impact on minimum wage levels.

The three highest scoring methodologies are: 1) WageIndicator Foundation, 2) Anker Methodology and the 3) SAI SA8000. All three methodologies are used for living wage calculations. None of the poverty measures analyzed showed potential as a proxy for a decent wage methodology.

The analysis showed several trade-offs between credibility and resource-intensiveness. If Bonsucro wants to opt for the most credible living wage benchmark methodology, it should strongly consider opting for the Anker methodology already adopted by other standards organizations. However, the Anker methodology is very resource-intensive, and this would require Bonsucro to change the implementation plan of operators calculating the benchmark individually and instead opt for Bonsucro financing benchmark studies in applicable regions, a potentially very cumbersome exercise.

WageIndicator Foundation was found to be the most balanced and applicable option for Bonsucro, as it can provide access to a database of regional living wage benchmarks and at the same time prevent operators from having the responsibility of calculating the benchmark themselves. If data is not available for a Bonsucro-certified region in the database, new benchmarks can easily be developed using WageIndicator Foundation's Cost of Living Survey available online or offline via an App.

The quantification showed that the WageIndicator Foundation benchmarks would require a large relative increase from current legal minimum wages in all countries analyzed with Guatemala as the only exception. South Africa has the highest relative change (223%) followed by India and Brazil (144% and 120% respectively). The large relative increase is due to the use of country-level living wage averages gathered from the public WageIndicator database. Regionally applicable benchmarks (accessed with a paid subscription) would very likely lead to lower relative changes. In comparison, the Anker methodology shows the lowest variation in relative change across countries with the only exception of Brazil which has a relative change of 63%.

Given the nature of sugarcane production being highly competitive and labor-intensive, it is recommended that Bonsucro investigates further the impact on cost of production across origins and production systems and the subsequent impact on regional competitiveness.

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1. Introduction

Bonsucro is reviewing its Production Standard

Bonsucro is currently in the process of revising its Production Standard in line with the ISEAL Standard Setting Code. The Bonsucro Production Standard sets the global framework for the sustainable production of sugarcane and derived products. It also helps farmers and mills to measure their productivity and key environmental and social impacts.

Bonsucro's vision is a sugarcane sector with thriving, sustainable producer communities and resilient, assured supply chains. Its mission is to ensure that responsible sugarcane production creates lasting value for the people, communities, businesses, economies and eco-systems in all cane-growing origins.

To continue to be seen as the leader in the sugarcane sector, Bonsucro aims to ensure the standard is based on the latest scientific developments and aligned with new approaches to social and environmental sustainability. A key focus of the current revision process is how to provide a decent living wage to Bonsucro members' employees.

Wages are currently too low for decent life

Similar to most other standards organizations, Bonsucro are currently using the legally applicable minimum wages as a minimum wage level to comply with in its standard. The legal minimum wages are defined based upon the ILO Minimum Wage Fixing Convention (No. 131) of 1970 as the prevailing standard of minimum wage setting.¹ A fundamental aspect of Convention No. 131 was the requirement of ILO member states ratifying the Convention² to set a minimum wage level that takes into account the needs of workers and their families, as well as economic factors. The established minimum wages would need to take into consideration the “*needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups*”. However, in most garment-producing countries, for example, current legal minimum wages are only 20 to 50 percent of living wage estimates (Fair Wear, 2019).³ As a consequence, there is a growing focus of governments and industry players on decent and living wage methodologies that take into account a decent standard of living for workers and their families.

Living wages are the new mantra in sustainability

Many standards are in the process of rethinking their strategies and approach to decent wages and associated commodity prices, adopting different measures of living wage and living income benchmarks⁴. For example, Fairtrade is conducting a range of living income / wage benchmark studies

¹ Minimum wages in agriculture was first considered in the ILO Minimum Wage Fixing Machinery (Agriculture) Convention, 1951 (No. 99).

² Of the 187 ILO member states, 52 member states had ratified the convention by 2015.

³ Fair Wear has developed their own methodology to calculate a ‘fair wage’. The methodology is not publicly available and Fair Wear did not respond to inquiries for this study, hence more information could not be included.

⁴ The concepts of “living wage” and “living income” both entail a decent standard of living for households. While living wage is applied in the context of hired workers (in factories, on farms, etc.), living income is used in the context of any income earner, most often self-employed smallholder farmers. The benchmark methodologies

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to align their minimum price for certain commodities (coffee, cocoa) closer to the given benchmarks, and Rainforest Alliance is making living income / wage an integral part of their new standard.

In addition, several sector partnerships and coalitions are working to close the gap between current and living wages. Recently, the tea sector has come together in the Malawi Tea 2020 Revitalisation Programme to work towards living wages, the Belgian chocolate industry agreed all cocoa growers providing supply to Belgium must earn at least a living income by 2030, and recently the Dutch supermarkets committed to living wage for plantation workers in the banana sector by 2025.

Adoption a new measure of decent or living wage in the Bonsucro Production Standard

Moving to a living wage measure has thus far proven difficult for many standards organizations. On one hand, standards are faced with the economic realities of instituting a living wage that is often substantially higher than current wages and therefore either pressure certified units on their ability to be profitable or instead put pressure on the competitiveness of the standard vis-a-vis other standards or non-certified products if prices are increased to accommodate for changing cost of production. On the other hand, moving to a living wage is a cumbersome and resource-intensive process as the most internationally recognized benchmark (the Anker Methodology) for a given region takes 18-24 months and a considerable amount of resources to calculate and get publicly endorsed slowly down the progress towards incorporation into standards.

Bonsucro acknowledges the potential challenges of introducing a living wage benchmark. For this reason, Bonsucro wants to gain a better understanding of benchmark methodologies currently used by other organizations and standards that can function as approaches to estimate a decent or living wage for workers in the sugarcane sector.

One key factor in the evaluation of benchmark methodologies suitable for Bonsucro is the intended approach to implementation. Typically, the responsibility of establishing the decent or living wage benchmark falls upon the standard organization. Once a decent or living wage has been established, organizations then require standards users to adhere to the set wage level.⁵ This requires a standard organization to allocate a significant amount of resources to establish the wage benchmark and requires standard users to work towards the wage through continuous improvement. Sugarcane is grown in 102 countries and it would be highly cumbersome, if not impossible, for Bonsucro to conduct all the relevant benchmarks (and maintain them).

In contrast, Bonsucro is looking for an approach that allows its operators to establish the benchmark individually and pay wages accordingly. This places the onus on the operator and as such resource-intensiveness is a critical factor to consider. Meanwhile it emphasizes the need for a methodology that is globally applicable, relatively simple to adopt to ensure consistency in calculations, and ease of auditing to avoid fraud in calculations.

developed for living wage and living income, respectively, can be used interchangeably since the cost of living for a family is the same regardless of how income is derived.

⁵ Effectively, the living wage benchmark is often too high compared to current wage levels to incorporate as an immediate compliance-based requirement and as a result standards organizations instead require standards users to continuously improve towards closing the living wage gap.

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Defining decent and living wage

A **living wage** is defined as the remuneration required for a standard workweek in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events (*Source: Global Living Wage Coalition*).

As a lower economic alternative to living wage, various poverty measures could be used to define a minimum level of decency. A **poverty line** offers a benchmark for minimum needs and is usually based on the cost of basic requirements for adequate nutrition and other non-food essentials such as clothing and shelter (ILO, 2017). However, poverty line measures do not take into account the level of decency in the basic requirements and therefore often offer a lower standard of living than the living wage definition.

There are different approaches to define and calculate a decent or living wage. Each approach has its advantages and limitations when it comes to rigor and credibility, with different levels of required investment of resources and feasibility, and with different potential for impact. The **scope of this review** is to carry out a high-level comparison of decent and living wage benchmark methodologies on credibility, feasibility and unintended consequences, including recommendations as to which methodologies and indicators would be most suitable for Bonsucro's certified members. This study focuses on five selected cane-growing countries, namely Brazil, South Africa, Guatemala, India, and Thailand for a quantitative comparison of the selected benchmark methodologies. Concretely, this report responds to the following questions:

- What are existing benchmark methodologies to calculate decent and living wages, and what is the difference qualitatively and quantitatively between these? Which methodologies are most prevalent among other standards organizations?
- What level of credibility do these methodologies and associated indicators provide and how feasible is it for them to be implemented?
- What are the unintended consequences for adoption for each of the benchmark methodologies?
- Which of the indicators and methodologies are best suited to the Bonsucro standard, keeping in mind credibility of the standard, applicability in the key sugarcane geographies and the realities of operators that have to use them?
- What additional indicators would need to be collected within the Production Standard to measure decent / living wage?

2. Approach of the study

This study provides a thorough review of existing benchmark methodologies that can function as a decent or living wage benchmark methodology for Bonsucro. We have shortlisted seven benchmark methodologies to include in the review based on the applicability and relevance to Bonsucro's operations (see Annex A for excluded methodologies).

The most important aspects for Bonsucro and its members in the selection of a feasible benchmark methodology are credibility and precision vs. resource-intensiveness. We defined a range of sub-criteria to enable a standardized assessment of the selected methodologies (Table 1). The sub-criteria are defined in the following table:

Table 1: Overview of sub-criteria used for the analysis

Criteria	Description	Reasoning for inclusion
Credibility and Precision		
<i>International recognition</i>	<i>Level of international recognition by accredited of the methodology as a benchmark for decent or living wage</i>	<i>A high level of international recognition increases the credibility of the use in the Bonsucro Production Standard</i>
<i>Locally adaptable</i>	<i>Ability and flexibility in the methodology to incorporate specific (sub-)national contextual factors (e.g. culture, local prices, regulations, food preferences etc.)</i>	<i>A locally adapted methodology will be more precision to the cost of living in a region location</i>
<i>Granularity of methodology</i>	<i>Level of detail and transparency of the methodology (described) to calculate the benchmark</i>	<i>A methodology is more credible if the method of calculation is available to everyone. Moreover, the more granular a methodology is, the more precise it will be.</i>
<i>Data sources used</i>	<i>Type of data source used in the benchmark (primary or secondary data)</i>	<i>A benchmark will assumedly be more precise with primary, scientifically collected data compared to aggregated databases used as proxies</i>
<i>Quality of data source</i>	<i>Quality of the data source used in the benchmark</i>	<i>The higher quality of data, the higher credibility and precision</i>
<i>Adoption of other (standards) organizations</i>	<i>Amount of standards organization, companies, non-governmental organizations, etc. adopting the methodology</i>	<i>Credibility of a methodology increases with the amount of organizations similar to Bonsucro having adopted it too</i>
Resource Intensiveness		
<i>Feasibility of implementation by operators</i>	<i>Level of granularity, costs and time of executing the methodology by a Bonsucro-certified member</i>	<i>If a lot of resources are required per operator to calculate the given benchmark and thus wage level, it will be (too) resource intensive</i>
<i>Ease of auditing</i>	<i>Level of effort required by auditors to assess the compliance with the benchmark</i>	<i>Closely correlated with feasibility of operators implementing benchmark</i>

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<i>Scalability: data availability globally</i>	<i>Degree of availability of the benchmark data on a global level</i>	<i>If calculated benchmarks for the given methodology is not already publicly available, resource intensiveness will increase substantially</i>
<i>Required frequency of updating benchmark</i>	<i>Frequency required of Bonsucro's operators to update the benchmark</i>	<i>The frequency and type of update of the benchmark required will influence the resources required</i>
<i>Impact on operator's production cost</i>	<i>Financial burden of the operator to comply with the wage selected.</i>	<i>If a benchmark substantially increases the wage levels, this will incur larger financial resource requirements on operators</i>

The rating of each methodology is based on a literature review of existing methodologies and desk research on methodologies used by other standards organizations. The analysis is based on publicly available data and information, such as government and international databases.

3. Results

3.1 Overview of decent and living wage benchmark methodologies

Based on the criteria set out in the approach, we selected seven benchmark methodologies that were assessed on their feasibility as a decent or living wage benchmark. Several methodologies were omitted because they were outdated, specific to a country or factory and therefore not widely applicable, or lacked credibility (see Annex A for the full list). The selected methodologies are briefly described below together with the final scores in the table below. The highest possible score is 33.

A full description of the underlying reasoning for the rating of each sub-criteria is presented in Annex C. Extensive description of the assessment criteria for each benchmark methodology is presented in Annex D.

BENCHMARK	BRIEF DESCRIPTION	FINAL SCORES
LEGAL MINIMUM WAGE	<i>The country-applicable legal minimum wage is the current minimum wage requirement in the Bonsucro Production Standard and is binding to all Bonsucro certified units. Established in the ILO Convention No. 131 and subsequently adopted by the International Labour Organization the legal minimum wage stipulates the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period. This cannot be reduced by collective agreement or an individual contract.</i>	23
ANKER METHODOLOGY – LIVING WAGE CALCULATION	<i>A living wage methodology developed by international living wage experts Dr. Richard Anker and Ms. Martha Anker. The methodology is endorsed by the Global Living Wage Coalition (GLWC) who funds Living Wage benchmarks across the world. Members of the GLWC include: Fairtrade International, Rainforest Alliance, Social Accountability International (SAI), and GoodWeave International in partnership with the ISEAL Alliance and international living wage experts Dr. Richard Anker and Ms. Martha Anker. Data available in 21 countries. The same methodology is used within living income and endorsed by the Living Income Community of Practice, a partnership comprising The</i>	26

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	<p><i>Sustainable Food Lab, GIZ and the ISEAL Alliance. The methodology is also endorsed by a wide range of standards organizations, NGOs, governments, and industry.</i></p> <p><i>Standards organizations collaborate to produce living wage and living income benchmarks. In principle, a benchmark for a given location is transferable between sectors as the cost to afford a basic but decent standard of living would be the same regardless of the sector. For a living wage specifically, the benchmarks will subsequently need adaptation to the sector-specific conditions, including (some, not all) in-kind benefits and types of remuneration to calculate the prevailing wage (the actual wage + in-kind benefits).</i></p>	
WAGEINDICATOR FOUNDATION – LIVING WAGE CALCULATION	<p><i>The WageIndicator Foundation boasts the largest open primary data source for cost of living worldwide. WageIndicator has national websites in local languages and provides surveys and apps for collecting data in more than 100 countries, 900 regions and 500 cities around the world. The organization offers tailored data collection in specific locations to support clients with living wage benchmarks applicable to their specific location(s). The organization has made country averages publicly available, however more comprehensive and location-specific data is available with paid access.</i></p> <p><i>The WageIndicator estimation of Living Wages is consistent with the methodology used by the Global Living Wage Coalition (the Anker Methodology). WageIndicator includes the same expenses and also adds 5% for unexpected expenses on top in its living wage formula.</i></p>	27.5
ASIAN FLOOR WAGE ALLIANCE	<p><i>The Asian Floor Wage Alliance (AFWA) proposes a floor wage for garment workers across Asia that would be enough for workers to live on. The Asian Floor Wage is applicable across all countries in Asia. Special for the Asian Floor Wage compared to other living wage benchmarks is the use of one benchmark value across the entire continent. The reasoning is that it would prevent brands from moving elsewhere for lower wages. The benchmark includes both financial and non-financial costs of living for Asian countries. The figure is updated periodically every 2 years, undertaking primary research in a sample of Asian countries. The last review in 2017 sampled food basket costs from Bangladesh, Cambodia, India and Indonesia, which is used in the continent-wide benchmark. The living wage benchmark is adjusted for each country’s national currency, with an adjustment of purchasing power parity. Currently this is set to 1187 USD PPP.</i></p> <p><i>The AFWA benchmark is not applicable to Bonsucro certified units outside Asia but Bonsucro could replicate the methodology to create similar continent- or region-wide benchmarks.</i></p>	19
SOCIAL ACCOUNTABILITY INTERNATIONAL – SA8000 LIVING WAGE	<p><i>Social Accountability International (SAI) is a leading global social certification for factories and organizations. SAI was the first standard to integrate the concept of a living wage in 1998 and has continuously developed its own living wage calculation method for the SA8000 certification, including both financial and non-financial living costs and in-kind benefits. The SAI are part of the GLWC and are in the process of aligning the SA8000 certification to use the Anker Methodology. In regions where an Anker methodology benchmark is already available that is the prevailing living wage; in regions without a benchmark, certified units are still using the old SA8000 calculation method. The</i></p>	23

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WORLD BANK PPP-ADJUSTED POVERTY LINES	<p><i>standard requires certified units to continuously improve towards the prevailing living wage.</i></p> <p><i>The World Bank PPP-adjusted poverty line is the minimum level of income deemed adequate for minimum consumption of a person in poverty (food and basic needs, where food is >50% of expenditure). The current value is US\$1.90 (2015) which is adjusted to the country-specific Purchasing Power Parity (PPP). The global poverty line is used primarily to track global extreme poverty, and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. It is therefore not a recognized benchmark for a decent or living wage but could potentially function as a proxy benchmark.</i></p>	<p>21</p>
NATIONAL POVERTY LINES	<p><i>Country-specific poverty line that specifies the level of income that is deemed the lowest pay needed to survive. The definitions and calculation methods of the poverty line vary across countries and are in some cases politically influenced which makes an objective global comparison difficult. Similar to the World Bank poverty line, it is therefore not a recognized benchmark for a decent or living wage but could potentially function as a proxy benchmark.</i></p>	<p>22</p>

Important to note, the SAI has recently endorsed the Global Living Wage Coalition’s approach to using the Anker methodology to calculate living wage benchmarks. This will be incorporated into the SA8000 standard over time where the benchmarks will eventually be available for organisations and auditors to use for the SA8000, so they do not need to calculate their own estimates. Until the benchmarks are available for a SA8000 certification applicant’s location, organisations and auditors will continue to use the existing living wage calculation method according to SA8000 methodology.

3.2 Sub-criteria scoring for each benchmark methodology

The seven methodologies are evaluated according to the defined sub-criteria. Each are given a score from 1 to 3. The higher the score, the more desirable the indicator is considered. For example, if an indicator has a score of 3 for granularity of methodology, the more detailed and thorough the benchmark is which would increase credibility and precision. A high score in resource-intensiveness therefore suggests a low level of resources required, for example if a benchmark scores 1 in ease of auditing, then the benchmark is difficult to audit or requires significant resources to audit and is therefore less preferable within the context of the Bonsucro Production Standard. The breakdown of each benchmark and associated scores are presented in the table below. Detailed explanation for each score can be found in the annex.

Table 2: Results of comparative analysis of decent and living wage methodologies

Criteria	WageIndicator Foundation	Anker Methodology	SAI SA8000	Legal Minimum Wage	National Poverty Line	World Bank PPP Adjusted Poverty Line	Asian Floor Wage Alliance
Credibility & Precision							
International recognition	2	3	3	3	1	1	2
Locally adaptable	3	3	3	2	1.5	1	1
Granularity of methodology	3	3	3	1	1.5	1	1.5
Data sources used	3	3	3	0	1.5	1	3
Quality of data source	2	3	3	0	1.5	1	1.5
Adoption of other (standards) organizations	2	3	2	2	1	1	2
Resource Intensiveness							
Feasibility of implementation by operators	3	1	2	3	3	3	1
Ease of auditing	2.5	2	2	3	3	3	3
Scalability: data availability globally	3	1	2	3	3	3	1
Required frequency of updating benchmark	3	2	2	3	3	3	2
Impact on operator's production cost	1	2	n.a.	3	2	3	1
Total Score	27.5	26	25	23	22	21	19

Note: The higher the score, higher the more favorable the indicator is viewed for Bonsucro.

The highest scoring benchmark overall was the WageIndicator (27.5), followed by the Anker Methodology (26) and SAI SA8000 (23). These scored highest in credibility and precision. The WageIndicator scores slightly lower in credibility because the methodology has had less uptake amongst standards organizations and sector platforms compared to the other two methodologies and due to its use of relatively lower quality data sources. Yet, the WageIndicator methodology is gaining increasing relevance amidst challenges of resource-intensiveness of the Anker Methodology for which a benchmark tends to take 18-24 months and cost in the range of 30-60,000 EUR.

In terms of resource-intensiveness all the living wage benchmarks score the lowest due to their resources required to calculate and audit the benchmark as well as the lack of existing benchmarks publicly available.

The SAI SA8000 and Anker Methodology are assessed to be resource intensive. The former requires certified units to carry out assessments themselves and has thus shown its functionality as a benchmark methodology to be calculated by individual certified units, while the Anker Methodology requires (even) more resources and only has living wage estimates calculated for 21 countries around the world. Living wages have been estimated using the Anker Methodology in Brazil, Guatemala, India and South Africa, but not in regions where Bonsucro members are most prevalent. The WageIndicator scores very well in terms of resource-intensiveness because they make national benchmarks publicly

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available and offer regional benchmarks against a relatively cheap subscription. The global availability of benchmarks is due to their use of self-reported data and (inter)national databases to calculate proxy benchmarks.

Of all the living wage benchmark methodologies, the Asian Floor Wage Alliance (AFWA) is the one that is least applicable to Bonsucro’s global scope. Although the AFWA is a very low resource-intensive methodology due to the simple calculations, its low score is mainly due to the low availability of the benchmark for non-Asian countries, which limits the applicability of the benchmark in all Bonsucro countries. Also, the AFWA is less credible and precise than other living wage benchmark methodologies since the benchmark is based on pre-existing research or on a fixed basket of goods and it does not take into account regional differences.

All the poverty measures assessed as potential decent wage methodologies require a very low amount of resources as they are all publicly available and calculated by third parties, but all of these offer a low level of credibility as a decent or living wage methodology.

The global poverty line is used primarily to track global extreme poverty and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. Critics argue that the World Bank poverty line is not enough for basic human survival. In 2011 the US Department of Agriculture calculated the very minimum to purchase sufficient food is \$5.04 per day. In another study from the Newcastle University it is calculated that in order to achieve normal human life expectancy of just over 70 years, people need \$7.40 per day (Guardian, 2015). Therefore, national poverty lines are far more appropriate for underpinning policy dialogue or targeting programs to reach the poorest, as they take into account the specific context of a given country.

Figure 1: Overview of decent and living wage benchmark methodologies

	Wage Indicator Foundation	Anker Methodology	SAI \$48000	Legal Minimum Wage	National Poverty Line	World Bank PPP Adjusted Poverty Line	Asian Floor Wage Alliance
Credibility & Precision	15	18	17	8	8	6	11
Resource Intensiveness	12.5	8	8	15	14	15	8
Total Score	27.5	26	25	23	22	21	19

Note: The higher the score, the more favorable the indicator is viewed for Bonsucro. Two sub-criteria within credibility could not be assessed for the legal minimum wage.

Comprehensive and detailed analysis of the scoring for each benchmark can be read in **Annex D**.

3.3 Wage ladders for focus countries

To compare the potential economic effect of transitioning from the use of legal minimum wages as a minimum standard requirement to a higher decent or living wage, this section presents wage ladders for the five selected cane-growing countries. A wage ladder is a benchmarking system used to visualize wage levels in a sector relative to various available decent and living wage benchmarks in a given

country or region. The various benchmarks were made comparable by NewForesight using a range of conversion techniques⁶.

Two important aspects to note in the wage ladders:

- The various measures include different levels of taxes that was not possible to account for within the scope of this project. Most often poverty lines are calculated as net income after all applicable taxes are deducted whereas actual wages are gross provided before taxes including overtime and excluding value of in-kind benefits. When establishing a living wage, overtime should not be included, and some in-kind benefits should be included, see more in section 5.2. In some cases, the benchmarks also use varying tax levels, e.g. for Brazil the Anker methodology uses a tax rate of 9% whereas the WageIndicator uses 15%. The wages at Bonsucro-certified units included in this study are based on submitted data by the certified units.
- The various benchmarks included use different assumptions in terms of household size and full-time equivalent (FTE) wage-earning adults. This influences the size of wage required to afford a living income for the household. The national and World Bank poverty lines have been adjusted to account for the amount of wage earners (in FTEs). A comprehensive description of the calculation methods, assumptions and sources used to estimate the benchmarks for each of the countries is provided in Annex B.

It was not possible to include the SA8000 methodology in the quantification due to a lack of publicly available benchmarks for the focus countries. The Asian Floor Wage Alliance was only applicable to Thailand and India of the five countries included. The WageIndicator provides a range in all cases due to the large variation in cost of living within countries and the inherent uncertainty involved with putting out one specific number. If Bonsucro is to adopt the WageIndicator as a living wage benchmark methodology, it would need to decide on whether to use the lower or upper bound or use the average, a decision which in some cases would influence the wage level substantially.⁷

⁶ The benchmarks have not been normalized for the household size and number of earners per family. See Annex B for the assumptions used for each country

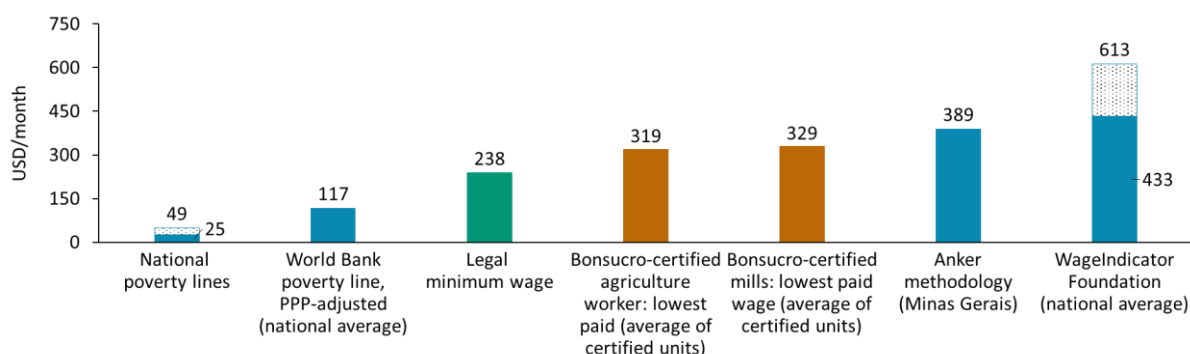
⁷ According to WageIndicator, *“the range between upper and lower bound is pretty accurate, as it reflects the variation of prices and consumer preferences at the lower end of the income scale in a particular country or region. One single figure, in contrast, might suggest that prices of the same item and consumer choices do not vary.”*

WageIndicator calculates the lower bound using prices taken at the 25th percentile, i.e. the value for which 75% of respondents report higher values, which the organization considers a conservative scenario, because it assumes a cost-optimizing household seeking cheaper-than-average housing, food and some other indispensable goods or services. The upper bound of a Living Wage is measured, using prices taken at the 75th percentile. The 50th percentile (median) represents the value in the middle of the distribution.

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Brazil

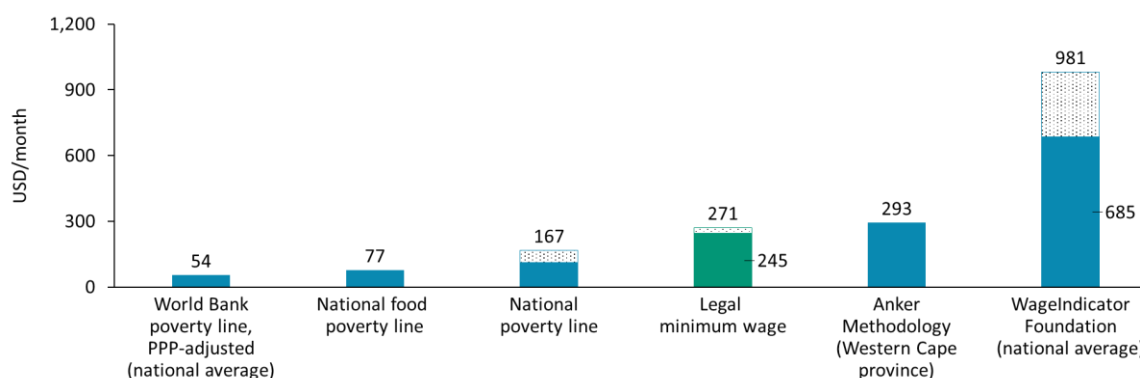
Figure 2: Wage ladder for Brazil in 2020, USD per month



The wage ladder for Brazil shows that by paying legal minimum wages (238 USD/month), Bonsucro members are providing their workers with a wage that is higher than both poverty line measures (respectively 25–49 USD/month for the national poverty line and 117 USD/month of World Bank PPP⁸). However, the legal minimum wage is lower than prevailing living wage benchmarks, namely Anker methodology (389 USD/month) and WageIndicator Foundation (433–613 USD/month⁹). The figure from the Anker methodology is related to the Minas Gerais region, in which Bonsucro has certified members.

South Africa

Figure 3: Wage ladder for South Africa in 2020, USD per month



In South Africa the legal minimum wage (245–271 USD/month) is closely aligned with the national poverty line (111–167 USD/month). Nonetheless, legal minimum wages are higher than other poverty line benchmarks, namely World Bank PPP-adjusted poverty line¹⁰ (54 USD/month) and the National food poverty line¹¹ (77 USD/month). The gap between legal minimum wages and the Anker

⁸ Brazil is categorized as upper-middle income country. The World Bank poverty line is 5.5 USD per person per day.

⁹ Due to the large variation in the living wage benchmarks across regions within a country, WageIndicator Foundation publishes country-level living wage benchmarks as a range with the lower bound of 25th percentile and upper bound of the 50th percentile (median) of the calculated living wages based on the Cost of Living survey conducted. The 25th percentile is the value for which 75% of respondents report higher costs of living

¹⁰ South Africa and Guatemala are classified as upper-middle income countries. The World Bank poverty line is 5.5 USD per person per day.

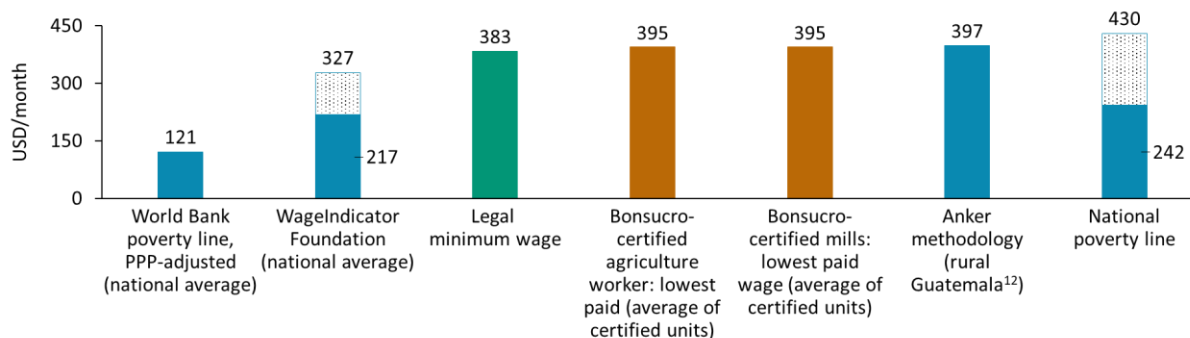
¹¹ The National food poverty line refers to the amount of money that an individual will need to afford the minimum required daily energy intake.

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methodology benchmark is not very large (around 22 USD/month). The figure from the Anker methodology is related to the Western Cape Province in which Bonsucro has no certified members, but nonetheless provides an indication for a regional living wage benchmark in South African rural areas. Finally, the benchmark calculated by WageIndicator Foundation is more than double the legal minimum wage.

Guatemala

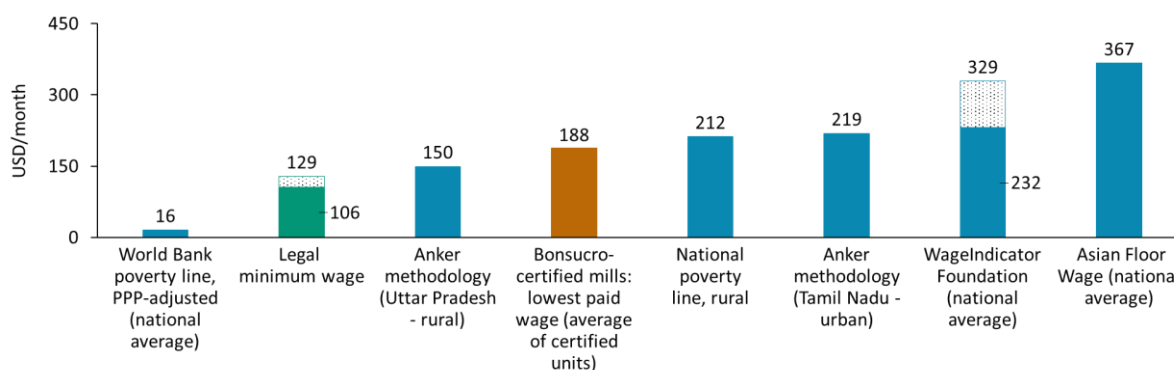
Figure 4: Wage ladder for Guatemala in 2020, USD per month



Compared to poverty lines, the legal minimum wage in Guatemala (383 USD/month) is higher than the World Bank PPP-adjusted poverty line measure (185 USD/month) and the lower-bound of the national poverty line (370 USD/month). On the other hand, legal minimum wages are almost half of the upper-bound national poverty line in Guatemala (658 USD/month). The legal minimum wage is between 17% and 76% higher than the WageIndicator Foundation benchmark (of 217-327 USD/month). However, similarly to all other countries analyzed, the Anker methodology¹² benchmark is higher than legal minimum wages, albeit marginally and when accounting for lowest paid wages at Bonsucro-certified units the gap is even smaller.

India

Figure 5: Wage ladder for India in 2020, USD per month



India has the lowest legal minimum wage levels compared to the other countries analyzed. Legal minimum wages in India (106-129 USD/month) are lower than most of the other decent and living wage benchmarks except for the World Bank PPP-adjusted poverty line¹³ (16 USD/month). The Asian Floor Wage benchmark is the highest (367 USD/month), followed by the WageIndicator Foundation benchmark (232-329 USD/month). As in most of the other countries, the Anker methodology

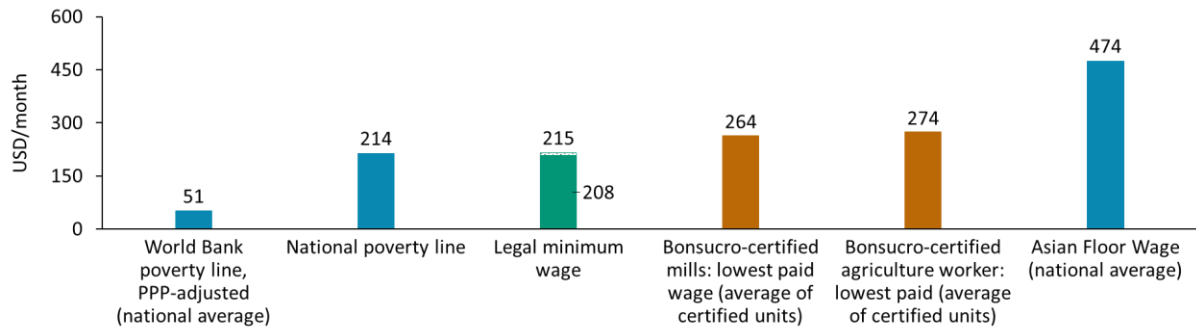
¹² Rural Guatemala provinces include: El Progreso, Sacatepéquez, Chimaltenango, Sololá, and Santa Rosa

¹³ India is classified as low-middle income country. The World Bank poverty line is 3.2 USD per person per day.

benchmark is slightly higher than legal minimum wages (21 USD/month higher). Strikingly, the lowest paid wage on average at Bonsucro-certified mills is already above the Anker methodology benchmark.

Thailand

Figure 6: Wage ladder for Thailand in 2020, USD per month



Limited publicly available information was found for Thailand related to the selected benchmark methodologies. As of today, no living wage benchmark study has been carried out according to the Anker methodology and neither has WageIndicator Foundation published country-level data in their publicly available database. Legal minimum wages in Thailand (208-215 USD/month) are four times higher than the World Bank PPP-adjusted poverty line¹⁴ (51 USD/month) and similar to the national poverty line (214 USD/month). However, Asian Floor Wage benchmark (474 USD/month) is more than two times higher than current legal minimum wages.

Summary

The WageIndicator Foundation benchmarks are the highest in all countries besides Guatemala. WageIndicator benchmarks included in this study are likely the highest because they represent national averages including both urban and rural areas, whereas other living wage benchmarks are regionally calculated and applicable to specific rural areas that tend to have lower cost of living.^{15, 16} An example showing the difference between living wage estimations for rural and urban areas is provided for India, where the Anker methodology has been used to calculate living wage benchmarks for both areas where the urban benchmark is 46% higher (219 USD/month in contrast to 150 USD/monthly).

To summarize the findings from the wage ladders:

- Overall, the World Bank PPP-adjusted poverty line is below the current legal minimum wage in all countries analyzed. In general, poverty line methodologies (World Bank PPP-adjusted poverty lines and national poverty lines) would not function as an improved proxy for decent

¹⁴ Thailand is classified as an upper-middle income country. The World Bank poverty line is 5.5 USD per person per day.

¹⁵ Regionally applicable WageIndicator benchmarks are available against a paid membership. Rural regional benchmarks would likely be closer to the value of the other living wage benchmarks.

¹⁶ An indication of the urban vs rural living income benchmarks can be found in Colombia. In a study by CIAT and Sustainable Food Lab it is found that the rural living income for the departments Caldas, Nariño, and Cauca is an average 4,464 USD annually while the living income benchmark in the three departmental capitals range between 5,688 and 6,468 USD annually. See more in Pedersen, et al. (2020). *Task Force for Coffee Living Income: A Fact-Based Exploration of the Living Income Gap to Develop Effective Sourcing and Pricing Strategies that Close the Gap*, pages 22 and 23.

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wages. They could however function as a quick win in regards to ensuring that waged employment sets levels above the national poverty line.

- The living wage benchmark according to the Anker methodology is rather close to the legal minimum wage in all countries and offers only a small increase in wages.
- The WageIndicator Foundation benchmark (national average) is generally the highest benchmark, after the Asian Floor wage benchmark.
- From an economic perspective, it seems evident that the Anker methodology would incur a lower impact on cost of production for operators compared to the WageIndicator benchmark and therefore be financially easier to adopt. However, little can be said regarding how methodologies such as SA8000 and WageIndicator Foundation would perform when they are calculated for a specific region.

3.4 Analysis of unintended consequences

There is extensive evidence suggesting that raising minimum wages can improve the economic situation of low-income workers, and therefore can be used as a tool to eradicate poverty. Wage increases can boost workers' productivity because it leads to enhanced work efficiency through increases in work effort, declines in job turnover and more workplace training (Del Carpio *et al*, 2012). However, several studies find that increases in minimum wages without proportional increases in labor productivity could lead to unintended consequences (Katz, 1987; Alatas & Cameron, 2008; Hausmann *et al*, 2010). These unintended consequences can manifest both at local and global scale.

It is essential that Bonsucro understands the effects of increasing minimum wages on variables such as employment rate, informality, working hours, gender and age discrimination. Moreover, Bonsucro could consider quantifying the effects of increased wages on prices at different levels of the supply chain and on the different elements of aggregate demand.

Unintended consequences from a standards and sector perspective

Results from [Malawi Tea 2020](#)¹⁷, a landmark project on sector-wide commitments towards living wages, highlight some important learnings. First, income tax became increasingly important for tea workers and so was an increasingly important impediment to achieving payment of a living wage in the Malawi tea industry. The stakeholders realized a **challenge meeting living wages because the progression towards a living wage resulted in workers entering into different tax brackets** so the take home pay was quite reduced every time. As a result, the difference between the net living wage and gross living wage (including the required income taxes) grew over time to a difference of 19% (704 Malawian kwacha per day, roughly 1 US Dollar) (Chiwaula, et al., 2020).

Secondly, while wages were increasing, there has been **considerable inflation which posed a major problem hindering progress toward payment of a living wage** since inflation continuously reduces the purchasing power of wages and so increases the living wage in Kwacha (Chiwaula, et al., 2020). If Bonsucro adopts a new criterion of living wage in its Production Standard, it will have to understand

¹⁷ The overarching aim is to achieve a more competitive and profitable tea industry that is paying a living wage to workers. Malawi Tea 2020 is supported by companies all along the tea value chain. All participating producers are members of the Tea Association of Malawi (TAML). The main buyers of Malawi tea, including traders, packers, and retailers, are on board, and the main development organisations, certification schemes, civil society actors and trade unions in the sector are engaged in the programme. The partnership is endorsed by the Malawi government.

the exogenous macroeconomic impact on the ability of operators to achieve compliance and sector commitments.

Other standards organizations have been slow in their full-fledged adoption of a living wage or living income due to the **impact on pricing of the certified product**. This is particularly an impediment within living income where the price of the certified product is a direct result of an additional ‘living income premium’. Fairtrade operates with a minimum price (the **Fairtrade Minimum Price**) and a **Living Income Reference Price** (the price required to afford a living income, calculated based upon a set of farm- and household-level assumptions). In cocoa, the Fairtrade Minimum Price – an improvement over the world market price for most of the past three years – would need to increase with 25% to reach the Living Income Reference Price. Only five times have the world market cocoa price been above the Fairtrade Living Income Reference Price over the past 12 years.

The Fairtrade Minimum Price already includes a higher premium than the pricing of certified products from other standards organizations during low commodity prices. As a result, the Living Income Reference Price is only a voluntary premium paid above the minimum price and/or the applicable premium when prices are higher, and Fairtrade is limited in its adoption of the Living Income Reference Price as a compulsory premium due to the impact of competition vis-à-vis other certification schemes. The case is similar for other Fairtrade-certified products. Adopting living wages likely have a lower impact on pricing as wage increases can easier be adopted in the cost structure of companies, but it remains important to understand the impact on production cost from wage increases and thus the impact on pricing and competitiveness against other certified and/or conventional sugarcane products.

Lastly, **neglecting the resource-intensiveness of implementing a given living wage benchmark methodology can have critical time implications**. As an example, RSPO chose to adopt the Anker Methodology into its Principles and Criteria 2018 with the intention of members using the guidance material to calculate the living wage themselves. However, supporting living wage benchmarks were not available in many RSPO countries, so RSPO subsequently decided to establish living wage benchmarks for all the regions where its members are involved in the production of palm oil. RSPO initiated this process in January 2020 posting Terms of References preparing to initiate living wage benchmark studies in 15 countries with the goal of finishing by the end of 2021. The need to establish time- and cost-intensive living wage benchmarks using the Anker Methodology has limited the speed by which RSPO could fully implement a living wage in its standard. This could pose a similar (severe) challenge for Bonsucro given the geographical span of sugarcane being grown in 102 countries.

Unintended consequences at national level

In all the countries analyzed, legal minimum wages are lower than any of the living wage benchmarks reviewed, but higher than most of the potential decent wage benchmarks (poverty lines).

At mill and plantation level, the immediate consequence of increasing worker wages of mill and plantation workers is a higher cost of production. However, a large number of studies have shown that increased wages can contribute to higher labor productivity at both enterprise level and at the aggregate economy-wide level (ILO, 2017; Andersson *et al.*, 2019) through increased workers’ motivation, more productivity-enhancing training as a result of lower turnover, which in turn translate into increased operational efficiency. At mill and plantation levels, if these positive consequences

manifest, Bonsucro operators would be able to absorb the higher labor cost without hurting their employment or overall profitability.

On the contrary, a poorly planned increase in minimum wages can potentially lead to job losses, especially within poorer and more vulnerable workers' groups, as a consequence of higher production costs (Lavoie & Stockhammer, 2012). The most likely affected worker category by increasing wage would be low-skilled and seasonal workers and non-production workers as compared to semi-skilled or unskilled supervisory workers, especially in small enterprises (Alatas & Cameron, 2008; Lavoie & Stockhammer, 2012; Del Carpio *et al*, 2012). These worker categories are likely to be pushed out of formal employment because they often have limited skills and low productivity, and thus tend to be among the first to be laid off when minimum wages increase. Moreover, such increases in minimum wage could negatively influence the most vulnerable groups in the workforce such as women and migrant workers (ILO, 2017). It is advised that Bonsucro monitor how these unintended consequences might impact topics such as gender equality or any forms of discrimination. Finally, potential spillover effect on the wages of workers who are paid above the minimum appear when, as a result of an increase in wage, higher skilled or more senior workers also demand higher wages, either through collective or individual bargaining (Del Carpio *et al*, 2012).

Impact of changing wage conditions can also occur at a domestic level. Increased wages may prompt mill and plantation owners with low productivity to leave the market while more productive operators expand, thereby raising the overall efficiency of the sector. In the long term, this might lead to the more productive enterprises replacing the least productive ones, forcing incumbent operators to strengthen their competitiveness (Andersson *et al.*, 2019). This suggests that increasing minimum wages might lead to more innovation in the long run. Substantially improved wage levels in the sugarcane sector, without a contemporary improvement in other industries in the region, might attract more experienced and motivated workers from the local population, causing potential disruptive consequences to other sectors in the region. This might encourage investments in the regions for sugarcane while at the same time weakening other existing businesses.

In conclusion, the effects of increased wages might manifest at different levels and with varying degrees of severity. To monitor the impact of increased wages, it is therefore crucial to undertake country-specific approaches to account for the different socio-political contexts in which Bonsucro operators are inserted.

Unintended consequences at global level

It is also important to examine more closely the interaction between wages and international competition and understand the influence on countries' international competitiveness if a substantially higher benchmark for minimum wages are adopted into the Production Standard. This dynamic is enhanced for a standard organization such as Bonsucro due to the international and labor-intensive nature of the sugarcane sector.

Below graph provides an overview of the relative change in wages levels for the five selected countries going from the legal minimum wage to the various benchmark methodologies.

Figure 7: Relative difference of decent and living wage benchmarks in focus countries to legal minimum wages [%]



Adoption of national poverty lines as a decent wage benchmark could have negative effects on international competition due to the large variation in relative changes from legal minimum wages. For Guatemala and Thailand, the relative change is almost insignificant (6% and 1% respectively) and for India the increase would be very large (84%) while for Brazil and South Africa it would be much lower than current legal minimum wages (79% and 49%, respectively), giving Brazil and South Africa an advantageous position compared to other countries. On the other hand, the World Bank PPP-adjusted poverty line is not an option since it offers a lower threshold for all countries.

The Asian Floor Wage Alliance methodology is only applicable for India and Thailand. In both cases, they show a very large relative change compared to legal minimum wage and a significant variation within them (219% and 124% respectively).

WageIndicator Foundation benchmarks would require a large relative increase from current legal minimum wages in all countries analyzed with Guatemala as the only exception. South Africa has the highest relative change (223%) followed by India and Brazil (144% and 120% respectively). The large relative increase is due to the use of country-level living wage averages gathered from the public WageIndicator database. Regionally applicable benchmarks (accessed with a paid subscription) would very likely lead to lower relative changes. Finally, the Anker methodology shows the lowest variation in relative change across countries, with the only exception of Brazil, which has a relative change of 63%.

Overall, no benchmark would produce the same relative increase across the countries analyzed. The effects on international competitiveness of marginal wage increases are closely intertwined with financial aspects such as agricultural productivity, mill operational efficiency and the labor-intensiveness of the sugarcane sector in a given country (Katz, 1987; Symeonidis, 2008; Andersson *et al.*, 2019). For instance, differences in the adoption of mechanized labor must be considered when assessing the connection between wage levels and international competition. Additionally, a possible scenario might be that more productive Bonsucro operators may increase wages without increasing final sugar prices but rather accept a lower profit margin as they may be reluctant to pass on cost increases from fear of competitiveness.

This is a potentially sensitive topic for Bonsucro moving forward towards establishing decent or living wage requirement for its members. Buyers can easily change their sourcing strategies by favoring

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relationships with origins where a potential increase in wages would not trickle down to an increase in sugar price. If regional competitiveness is a concern, Bonsucro should consider seeking a deeper understanding of the drivers that define the final price of sugar across countries such as differences in production systems (e.g. manual vs mechanized production) and the relative share of labor cost in the overall cost structure of mills and plantations.

4. Conclusions

4.1 Summary of main conclusions and recommendations

The analysis showed several trade-offs when deciding which decent or living wage benchmark methodology to adopt in the Bonsucro Production Standard. The three highest scoring methodologies are:

1. WageIndicator Foundation
2. Anker Methodology
3. SAI SA8000

Although poverty line measures (National poverty lines and World Bank PPP-adjusted poverty line) have scored very high in terms of resource-intensiveness, they are not considered credible and precise as a measure of decent wage levels. It is also important to highlight that one of the main reasons to avoid utilizing poverty line measures is because in most of the countries analyzed they are below the current legal minimum wages.

The most credible and precise methodologies are the Anker Methodology and the SAI SA8000, closely followed by the WageIndicator Foundation. They all provide a very comprehensive and thorough method to estimate living wage accounting for local factors such as cultural differences and regional food and non-food expenditures. WageIndicator scores less in terms of international recognition since it is less known, despite acclaimed users of the benchmark including leading corporations such as Philips and DSM and internationally recognized academic institutions such as the University of Amsterdam and Erasmus University Rotterdam.

The Anker Methodology and SAI SA8000 methodologies have scored lower in terms of resource-intensiveness. They might be very challenging to implement for Bonsucro members since they require a lot of financial resources to be calculated. Living wage benchmarks using the Anker Methodology endorsed by the Global Living Wage Coalition (GLWC) have only been calculated in 21 countries. Moreover, it often takes 18-24 months for the study to ascertain a living wage estimate. On the other hand, the SA8000 methodology requires operators to individually carry out assessments to estimate an appropriate living wage. In comparison, the WageIndicator Foundation has a database that has calculated living wages for 110 countries, 889 regions and 271 cities using a methodology that is very similar to the Anker Methodology. More regions are updated every quarter and over 2 million data points have been collected.

If Bonsucro wants to opt for the most credible living wage benchmark methodology, it should strongly consider opting for the Anker methodology used by other standards organizations. However, this would require Bonsucro to change the implementation plan of operators calculating the benchmark individually and instead opt for Bonsucro financing benchmark studies in applicable regions, a potentially very cumbersome exercise.

Based on this study, WageIndicator Foundation would be the most balanced and applicable option for Bonsucro, as it can provide easy access to regional data with a relatively low payment to access a

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central database and at the same time prevent operators from having the responsibility of calculating the benchmark themselves. If data is not available for a Bonsucro-certified region in the database, new benchmarks can easily be developed using WageIndicator Foundation’s Cost of Living Survey available online or offline via an App.

Should Bonsucro decide to implement a living wage benchmark involving a relatively large increase in wages, it could consider a phased approach with the continuous improvement towards a living wage.

5. Guidance on how to incorporate a living wage benchmark into the Bonsucro Production Standard

5.1 How to audit a new living wage benchmark

Shifting towards decent or living wage benchmarks require adjustments of the auditing process of the Bonsucro Production Standard. Auditors will need to assess whether the remuneration provided by Bonsucro members to mill and plantation workers is sufficient for the worker and his/her family to afford a decent standard of living, which takes into account the family’s needs such as a nutritious food consumption, decent housing, access to clean water and sanitation facilities, medical care and education for the children in the family. Currently, auditors need to collect information for a total of 53 indicators, of which 16 are considered core indicators. Two of the core indicators concern compliance with minimum wages:

- Existence of a contract or equivalent document (Requirement: 100%)
- Ratio of lowest entry level wage including benefits to minimum wage and benefits required by law (Requirement >1)

The reference benchmark methodology that will be used to assess whether Bonsucro members are gradually moving towards decent or living wages will be chosen by Bonsucro. For the Anker and WageIndicator methodologies, operators will not be required to calculate the decent or living wage benchmark themselves. In these cases, the benchmark will be provided to Bonsucro members typically after a study conducted by members of the Global Living Wage Coalition¹⁸ and WageIndicator Foundation, respectively. On the other hand, SA8000 methodology requires Bonsucro members to carry out the study themselves. To make the process consistent across countries, benchmarks in all Bonsucro regions should be calculated with the same benchmark methodology.

Two new indicators are proposed to be integrated in the Production Standard certification.

Criterion	Indicator	Requirement for compliance	Notes
2.3 To provide employees (including migrant, seasonal and	2.3.3 Percentage left to close decent or living wage gap	10% more every year	Applies to all waged workers on the premises of the farms or mills included in the unit of certification. Decent/living wage as defined by the chosen benchmark methodology. Workers paid at piece-rate shall receive the required decent/living wage (according to standard output, a calculation for

¹⁸ Many other organizations outside the Global Living Wage Coalition have endorsed the Anker methodology and therefore conducting benchmarks separately. As an example, RSPO is starting a global benchmark exercise in 2020 and 2021, conducting benchmarks in 15 different countries. These benchmarks can eventually also be used by Bonsucro.

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other contract labour) with at least the applicable minimum wage*			piece-rate workers based on achievable quotas during regular work hours). All benefits shall be paid. Pay slips and records shall be provided where feasible. Payment of wage shall be in line with ILO Convention No. 95 and 110. In absence of records, wages may be demonstrated through interview.
	The operator provides adequate in-kind benefits (housing, sanitation, transportation, water supplies, medical, education) in accordance to national standards.	Value deducted from pay slips for in-kind benefits equals the value assessed by auditors	Applies to all waged workers on the premises of the farms and mills that are providing housing or other in-kind benefits for them and their family. The value calculated by the auditors will take into account costs associated with a decent standard of living. Quality and access to in-kind benefits may be demonstrated through interviews.

*Note: Bonsucro shall consider to rephrase this criterion in case a decision is made to shift towards decent or living wage

Some of the steps needed to gather information related to the above-mentioned indicators might overlap with information required to calculate existing indicators for legal minimum wage compliance (indicator 2.3.1).

Auditor guidance

- 1) Define the lowest paid wage at mill and plantation level for year 1 of the implementation. Calculations of current paid wages must take into considerations the same constraints highlighted in the Bonsucro Audit Guidance document such as:
 - a. Computation of the wage on the basis of normal hours (i.e. without any overtime payment)
 - b. A review of the hours of work in order to compute the total wage including any overtime payment.
 - c. A verification of the calculation for two different periods of the year (current and peak)
- 2) Calculate the **living wage gap** at mill and plantation level as a difference between the endorsed benchmark (from WageIndicator Foundation, Anker methodology or SA8000) and the lowest paid wage. See next section on details of calculating the living wage gap. This will serve as a reference point to monitor the performance of Bonsucro operators in closing the living wage gap over the years. If the living wage gap is found to be zero (or negative), then the indicator is met (this might take few years before it is achieved)
- 3) If the lowest paid wage is below the decent or living wage benchmark (therefore, a living gap), the auditor needs to conduct an assessment to determine prevailing wages and in-kind benefits already being provided to workers (this is in line with the already existing activity to define the minimum wage as fixed by legal requirement). Essential services for employees to perform their work shall not be included as benefits (e.g. protective equipment, tools, or special medical exams). In-kind benefits to be considered as partial payment of wage include:
 - a. Meals at work
 - b. Food rations or food commodities (e.g. cooked fuel)
 - c. Housing benefits (inclusive of electricity, water and fuel)
 - d. Transport allowances
 - e. Childcare
 - f. School for workers' children

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- g. Medical care (not for work related sickness/injuries)
- h. Medical insurance not required by law

For the calculation of in-kind benefits, it is important that auditors verify that prices used for deductions are not higher than average prices in the local market.

- 4) Compare the value calculated through the assessment conducted in step 3 (wage + in-kind benefits) with the decent or living wage benchmark calculated in year 1.
- 5) For year 2, calculate the % of increase from year 1 (this might meet the requirement). This indicator shall indicate that there is annual progress on the implementation of living wages.
- 6) Verify that all workers have access to the same in-kind benefits at the standard of quality claimed by the operators. This can be verified via qualitative surveys conducted with the workers (for both mill and plantation).
- 7) An additional step is required if the SA8000 is chosen as the benchmark methodology. Auditors shall calculate the cost of living for that region following all the steps indicated in the SA8000 methodology (therefore also taking into account the household size, number of workers per family, income taxes, and potential unforeseen costs).

5.2 How to calculate prevailing wages and the living income gap

Calculating the living wage gap

Standards organizations collaborate to produce living wage and living income benchmarks. In principle, a benchmark for a given location is transferable between sectors as the cost to afford a basic but decent standard of living would be the same regardless of the sector. For a living wage specifically, the benchmarks will subsequently need adaptation to the sector-specific conditions, including (some, not all) in-kind benefits and types of remuneration to calculate the prevailing wage (the actual wage + in-kind benefits).

The living wage gap is calculated the following way:

$$\text{Living wage gap} = \text{Living wage benchmark} - \text{Prevailing wage}$$

Prevailing wage

$$= \text{Basic wage} + \text{Assured cash allowances and bonuses} \\ + \text{fair and reasonable value of inkind benefits} \\ + \text{assured production bonuses earned during } \textit{normal} \text{ work hours}$$

Forms of remuneration to include and exclude in a living wage

As a rule of thumb, remuneration should only be included if it adds to the take home pay or disposable income of a worker. Therefore, the prevailing wage explicitly *excludes* overtime pay, deferred benefits, and non-assured bonuses. Remuneration *included* in the prevailing wage should be based upon the feasible *standard output* for the average worker. Production bonuses should only be included if they are above the standard output but does not lead to additional work hours outside the standard working hours.

Examples of exclusions (non-exhaustive list) to consider:

- Overtime pay, because it is caused by work outside standard working hours
- Time off for holidays, annual leave, and sick leave, because it does not add to the disposable income of workers
- Maternity and paternity leave, because it does not add to the disposable income of workers

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- Employer contributions required by law (social security programs, unemployment insurance, worker’s compensation, because it does not add to the disposable income of workers
- Pension, provident fund, and severance payment, because they are not received within a year

The table in appendix E. *Forms of remuneration to include and exclude in a living wage* includes a extensive list of types of remuneration to include and exclude from the prevailing wage. The table is adopted from Anker and Anker (2017).

Valuing in-kind benefits

The extent to which in-kind benefits can be considered as partial payment of wages differ substantially between countries. Anker and Anker (2017), chapter 16, provides an excellent overview of how in-kind benefits are regulated in various national regulations.

Anker and Anker also provide general guidance for determining fair and reasonable value for in-kind benefits. These are:

- Value of in-kind benefit should not exceed its cost to employer
- Value of an in-kind benefit should not exceed its replacement cost to workers if they purchased it on the market
- Value of free meal should not exceed cost of replacing equivalent meal prepared at home
- Value of in-kind benefit cannot be lower than an alternative cash allowance option offered to workers when such an option is available
- When an in-kind benefit is not free the cost to workers needs to be subtracted, thereby reducing the value of the benefit to the worker
- Maximum value of 30% of wage for all acceptable in-kind benefits allowed

To ensure operators and auditors calculate the current paid wages correctly, Bonsucro should develop a thorough and practical guidance document on how to calculate the cost of living and how to adequately calculate the value of in-kind benefits (this applies to all methodologies). Having a clear method to calculate in-kind benefits is extremely important as operators might choose to provide more or better in-kind to increase the living standards of their workers rather than opt for a direct wage increase, acting a counter-productive measure towards realizing higher wages.

5.3 Living wage development plan

It is recommended that the living wage is achieved through a phased approach to avoid raising any unintended consequences, aiming to make living wage the industry minimum standard over time.



Note: Illustrative example. The year by which the target of a living wage is reached depends on the benchmark methodology selected due to the varying time frames for implementation and the potential living wage gap.

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In year 1 of auditing, the certified unit should as a minimum pay its workers the local minimum wage. If a living wage gap exists, the certified unit shall be obliged to create a well-defined *living wage development plan* of how to reach the full living wage. The organisation must pay a living wage within a pre-defined timeframe, depending upon its size and the gap between its current wages and the living wage.¹⁹

The living wage development plan should be executable and verifiable allowing auditors to verify and record any progress made. Furthermore, the plan must demonstrate how long it will take for the organisation to pay the living wage and whether the date at which the organisation plans to pay the living wage is acceptable.

¹⁹ As a reference, the SA8000 expects certified units to reach a living wage within 18-24 months into its certification cycle.

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7. Annex

A. Approach and excluded methodologies

Figure 8: Three-phases approach used for this analysis

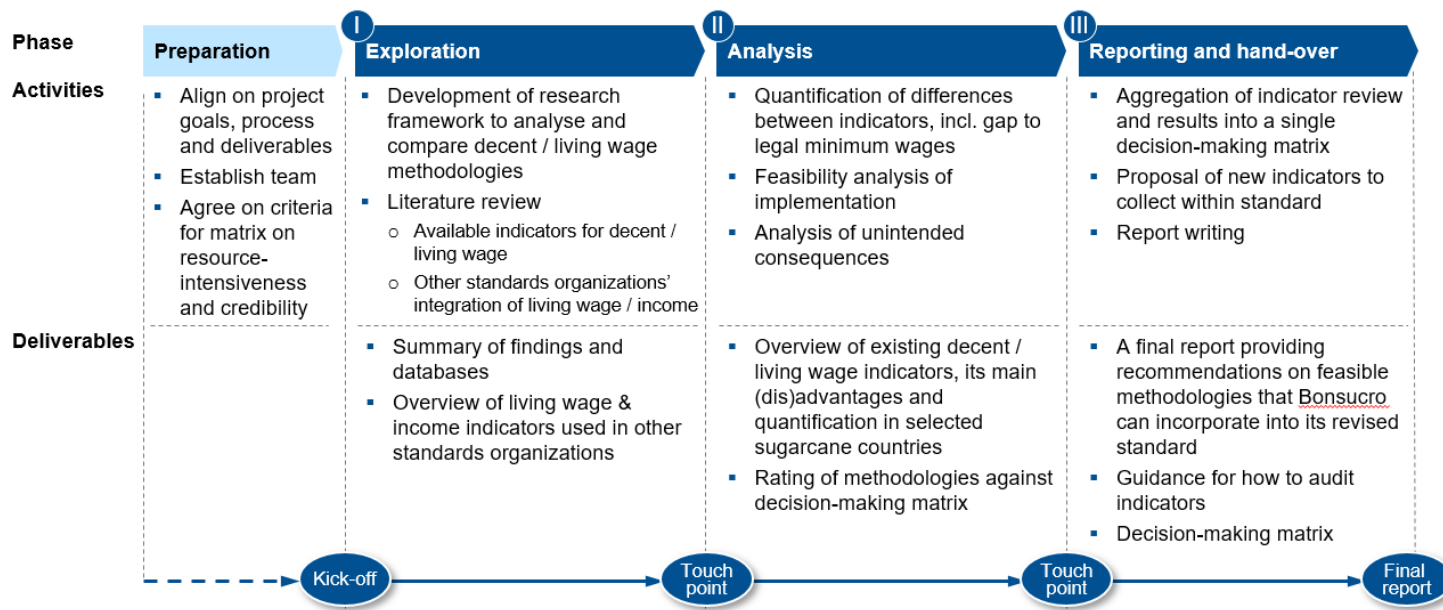


Table 3: Excluded benchmark methodologies

<i>Methodology</i>	<i>Reason</i>	<i>Source</i>
<i>USA MIT Living Wage Glasmeier Study (2015)</i>	USA specific study. Not globally scalable to low-medium income countries.	https://livingwage.mit.edu/pages/about
<i>Fair Wage Network</i>	Paid access only.	http://fair-wage.com
<i>Living Wage Foundation – UK</i>	UK specific study. Not globally scalable to low-medium income countries.	https://www.livingwage.org.uk
<i>Ireland Living wage calculation methodology</i>	Ireland specific study. Not globally scalable to low-medium income countries.	https://www.livingwage.ie/
<i>Living Minimum Wage for Ready Made Garment Sector in Bangladesh</i>	Individual study. Too specific to be considered.	http://www.irinavandersluijs.nl/site/assets/files/1067/living_wage_report_bangladesh.pdf
<i>Adidas-Salomon Fair Wage methodology (2003)</i>	Individual study. Too specific to be considered.	https://www.adidas-group.com/media/filer_public/2013/10/11/fairwageworkshopreport_en.pdf
<i>Chandararot and Dannet: Living Wage Survey for Cambodia Garment Industry (2009)</i>	Individual study. Too specific to be considered.	http://apirnet.ilo.org/resources/living-wage-survey-for-cambodias-garment-industry
<i>Institute of Labour Science and Social Policy and World Bank, Minimum wage-setting technical report (2007)</i>	Individual study. Too specific to be considered.	http://documents.worldbank.org/curated/en/826061468142780021/Minimum-wages-and-social-policy-lessons-from-developing-countries
<i>World of Good Development Organization (2010)</i>	Individual study. Too specific to be considered.	https://www.scribd.com/document/36436238/World-of-Good-Development-Organization-GSBI-2010-Factsheet
<i>Novartis Living Wage Study (2009)</i>	Details of the methodology not publicly available	https://www.novartis.com/our-company/corporate-responsibility/reporting-disclosure/transparency-disclosure/living-wage
<i>SweatFree Communities (2010)</i>	Details of the methodology not publicly available	n/a
<i>Institute for Social and Economic Research, Education and Information (2003)</i>	Details of the methodology not publicly available	n/a
<i>Prasanna and Gowthaman, Sri Lanka (2006)</i>	Individual study. Too specific to be considered.	Hewa Kuruppuge, Ravindra & Prasanna, RPIR. (2013). An Assessment of Sector Specific Living Wages for Sri Lankan Apparel Industry Workers.

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B. Calculation methods

World Bank PPP-adjusted poverty line

The World Bank poverty line for low-middle income and upper-middle income countries is 3.2 USD and 5.5 USD per person per day respectively. These World Bank poverty lines need to be adjusted to the local Purchasing Power Parity (PPP) and household size using the formula:

$$\text{World bank PPP – adjusted poverty line} \left[\frac{\text{USD}}{\text{month}} \right] = \frac{3.2 * 365 * \text{national household size average} * \text{Exchange rate} \left[\frac{\text{USD}}{\text{LCU}} \right]}{\text{PPP conversion factor, private consumption} / \text{HH FTEs}}$$

National household average size, exchange rates and PPP conversion factors for each of the countries analyzed are provided in the following tables.

Asian Floor Wage

The Asian Floor Wage provides an international value for the cost of living of 1,187 PPP\$. The value for a specific country was calculated by adjusting the international figure using the local Purchasing Power Parity (PPP):

$$\text{Asian Floor wage for a country} \left[\frac{\text{USD}}{\text{month}} \right] = 1,187 \text{ PPP\$} * \text{PPP conversion factor, private consumption}$$

PPP conversion factors for each of the countries analyzed are provided in the following tables.

Inflation

The retrieved benchmarks were converted into 2020 values by using inflation rates:

$$\text{Living wage benchmark}_{\text{year } x} \left[\frac{\text{USD}}{\text{month}} \right] = \text{Living wage benchmark}_{\text{year } x-1} + (\text{Living wage benchmark}_{\text{year } x-1} * \text{inflation rates}_{\text{year } x})$$

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Brazil²⁰

Table 4: Assumptions and sources for selected benchmark methodologies in Brazil

METHODOLOGY	DATE OF REFERENCE	REGION OF REFERENCE	HOUSEHOLD SIZE	# OF WORKERS	WORK WEEK	BENCHMARK	SOURCE
ANKER METHODOLOGY	July 2019	Minas Gerais	4	1.71	44 hours per week 26 work-days per month	1,650 BRL/month	https://www.globallivewage.org/countries/brazil/
WAGEINDICATOR FOUNDATION	February 2020	Country-level	2 + 1.8 (national fertility rate)	1.6 (national employment rate)	n/a	1,900 - 2,690 BRL/month	https://wageindicator.org/salary/wages-in-context
LEGAL MINIMUM WAGE	February 2020	Country-level	n/a	n/a	n/a	1,045 BRL/month	http://www.economia.gov.br/noticias/2020/01/salario-minimo-sera-de-r-1-045-a-partir-de-fevereiro
WORLD BANK PPP	2020	Country-level	3.3 (national household size) ²¹	n/a	n/a	5.5 US\$-PPP	https://data.worldbank.org/indicator/PA.NU.S.PRVT.PP
NATIONAL POVERTY LINES	December 2019	Country-level	n/a	n/a	n/a	Extreme poverty line: 178 BRL/month (for the full family) Poverty line: 356 BRL/month (for the full family)	https://www.gov.br/pt-br/servicos/obter-beneficios-do-programa-bolsa-familia

²⁰ Exchange rate for Brazil 0.228 [USD/BRL]. Retrieved from <https://www.oanda.com/currency/converter/> on the 26th February 2020

²¹ United Nation (2017). Household size and composition around the world 2017

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South Africa²²

Table 5: Assumptions and sources for selected benchmark methodologies in South Africa

METHODOLOGY	DATE OF REFERENCE	REGION OF REFERENCE	HOUSEHOLD SIZE	# OF WORKERS	WORK WEEK	BENCHMARK	SOURCE
ANKER METHODOLOGY	May 2018	South-west region	4.5	1.64	n/a	4,056 ZAR/month	https://www.globallivingswage.org/countries/south-africa/
WAGEINDICATOR FOUNDATION	February 2020	Country-level	2 + 2.5 (national fertility rate)	1.6 (national employment rate)	n/a	10,400 - 14,900 ZAR/month	https://wageindicator.org/salary/wages-in-context
LEGAL MINIMUM WAGE	February 2020	Zone B (KwaZulu Natal province) and Zone C (other rural areas)	n/a	n/a	8.5 hr/day 252 working days/yr	20.83 – 23.03 ZAR/hr	https://www.scribd.com/document/447565489/New-Minimum-Wage#download
WORLD BANK PPP-ADJUSTED POVERTY LINE	2020	Country-level	3.2 (national household size) ²³	n/a	n/a	5.5 US\$-PPP	https://data.worldbank.org/indicator/PA.NUS.PRV.T.PP
NATIONAL POVERTY LINES	2018	Country-level	3.2 (national household size)	n/a	n/a	Food poverty line: 547 ZAR/month per capita Lower-bound PL: 785 ZAR/month per capita Upper-bound PL: 1183 ZAR/month per capita	http://www.statssa.gov.za/publications/P03101/P031012018.pdf

²² Exchange rate for South Africa 0.066 [USD/ZAR]. Retrieved from <https://www.oanda.com/currency/converter/> on the 26th February 2020

²³ United Nation (2017). Household size and composition around the world 2017

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Guatemala²⁴

Table 6: Assumptions and sources for selected benchmark methodologies in Guatemala

METHODOLOGY	DATE OF REFERENCE	REGION OF REFERENCE	HOUSEHOLD SIZE	# OF WORKERS	WORK WEEK	BENCHMARK	SOURCE
ANKER METHODOLOGY	September 2019	Rural Guatemala (including Guatemala province,	5	1.53	48 hour work week 24 work days per month	2,981 GTQ/month	https://www.globallivingswage.org/countries/guatemala/
WAGEINDICATOR FOUNDATION	February 2020	Country-level	2 + 2.1 (national fertility rate)	1.6 (national employment rate)	n/a	1,700 - 2,560 GTQ/month	https://wageindicator.org/salary/wages-in-context
LEGAL MINIMUM WAGE	January 2020	Country-level (specific for agricultural workers)	n/a	n/a	n/a	2,992 GTQ/month	https://www.mintrabajo.gob.gt/index.php/dgt/salario-minimo
WORLD BANK PPP-ADJUSTED POVERTY LINE	2020	Country-level	4.8 (national household size) ²⁵	n/a	n/a	5.5 US\$-PPP	https://data.worldbank.org/indicator/PA.NUS.PRVT.PP
NATIONAL POVERTY LINES	2014	Country-level	4.8 (national household size)	n/a	n/a	Total poverty line: 10,218 GTQ/year per capita Extreme poverty line: 5,750 GTQ/year per capita	https://www.ine.gob.gt/sistema/uploads/2015/12/11/vjNVdb4IzswOj0ZtuivPcaAXet8LZqZ.pdf

²⁴ Exchange rate for Guatemala 0.128 [USD/GTQ]. Retrieved from <https://www.oanda.com/currency/converter/> on the 26th February 2020

²⁵ United Nation (2017). Household size and composition around the world 2017

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India²⁶

Table 7: Assumptions and sources for selected benchmark methodologies in India

METHODOLOGY	DATE OF REFERENCE	REGION OF REFERENCE	HOUSEHOLD SIZE	# OF WORKERS	WORK WEEK	BENCHMARK	SOURCE
ANKER METHODOLOGY	December 2015	Uttar Pradesh (North)	5	1.55	48 hour work week 24 work days per month	8,929 INR/month	https://www.globallivewage.org/countries/india/
WAGEINDICATOR FOUNDATION	February 2020	Country-level	2 + 2.3 (national fertility rate)	1.5 (national employment rate)	n/a	16,700 - 23,700 INR/month	https://wageindicator.org/salary/wages-in-context
ASIAN FLOOR WAGE	2017	Country-level	2 + 2	1	n/a	21,140 INR/month	https://asia.floorwage.org/calculating-a-living-wage/ PPP conversion rate: https://data.worldbank.org/indicator/PA.NUS.PPP
LEGAL MINIMUM WAGE	October 2019	Daily minimum wages changes depending on regions (zone A, B and C)	n/a	n/a	254 working days / yr	Unskilled: 347-383 INR/day Semi-skilled/unskilled supervisory: 354-420 INR/day	https://clc.gov.in/clc/node/614
WORLD BANK PPP-ADJUSTED POVERTY LINE	2020	Country-level	4.8 (national household size) ²⁷	n/a	n/a	3.2 US\$-PPP	https://data.worldbank.org/indicator/PA.NUS.PRVT.PP
NATIONAL POVERTY LINES	2011	Country-level	4.8 (national household size)	n/a	n/a	Urban areas: 4,824 INR/month Rural areas: 3,905 INR/month	https://www.indiatoday.in/india/north/story/planning-commission-bpl-earn-rs-25-a-day-india-141619-2011-09-21

²⁶ Exchange rate for India 0.014 [USD/INR]. Retrieved from <https://www.oanda.com/currency/converter/> on the 26th February 2020

²⁷ United Nation (2017). Household size and composition around the world 2017

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Thailand²⁸

Table 8: Assumptions and sources for selected benchmark methodologies in Thailand

METHODOLOGY	DATE OF REFERENCE	REGION OF REFERENCE	HOUSEHOLD SIZE	# OF WORKERS	WORK WEEK	BENCHMARK	SOURCE
ASIAN FLOOR WAGE	2017	Country-level	2 + 2	1	n/a	14,791 THB/month	https://asia.floorwage.org/calculating-a-living-wage/ PPP conversion rate: https://data.worldbank.org/indicator/PA.NUS.PPP
LEGAL MINIMUM WAGE	January 2020	Minimum wage figures gathered for all provinces of certified Bonsucro members	n/a	n/a	252 working days / yr	315 LCU/day: Chaiyaphum, Uthaithani 320 LCU/day: Supanburi, Surin, Sakaeo, Phitsanulok, Kanchanaburi, Nakhonsawan, Petchaboon, Phitsanulok, Loei 325 LCU/day: Khon Kaen	https://www.mol.go.th/en/minimum-wage
WORLD BANK PPP-ADJUSTED POVERTY LINE	2020	Country-level	3.7 (national household size) ²⁹	n/a	n/a	3.2 US\$-PPP	https://data.worldbank.org/indicator/PA.NUS.PRVT.PP
NATIONAL POVERTY LINES	2006	Country-level	3.7 (national household size)	n/a	n/a	1,386 THB/month per capita	http://web.nso.go.th/indicator/eco_ied08.pdf

²⁸ Exchange rate for India 0.031 [USD/THB]. Retrieved from <https://www.oanda.com/currency/converter/> on the 26th February 2020

²⁹ United Nation (2017). Household size and composition around the world 2017

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PPP conversion rates (2018), private consumption

Brazil	2.2
India	20.7
South Africa	6.6
Thailand	12.5
Guatemala	4.5

Source: <https://data.worldbank.org/indicator/PA.NUS.PRVT.PP>

Inflation rates

	<i>Inflation rate 2018-2019</i>	<i>Inflation rate 2019-2020</i>	<i>Source</i>
Brazil	3.79%	3.47%	https://www.statista.com/statistics/270812/inflation-rate-in-brazil/
India	3.44%	4.09%	https://www.statista.com/statistics/270812/inflation-rate-in-india/
South Africa	4.38%	5.17%	https://www.statista.com/statistics/270812/inflation-rate-in-south-africa/
Thailand	0.86%	0.92%	https://www.statista.com/statistics/270812/inflation-rate-in-thailand/
Guatemala	4.21%	4.18%	https://www.statista.com/statistics/270812/inflation-rate-in-guatemala/

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C. Detailed description of benchmark methodologies

	<i>Definition</i>	<i>Formula / Method</i>
<i>Legal Minimum Wage</i>	Minimum wages have been defined as the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract.	Countries set minimum wages according to their own methodology. The ILO states that: "In defining a minimum wage, it is important to be specific about which components of a wage can be counted in the minimum, the extent and conditions under which payment in-kind can be allowed, how the minimum is calculated for workers with piece rate pay, and if the minimum is an hourly and/or a monthly rate." ³⁰
<i>Anker Methodology</i>	<p>Defines two expenditure groups that are estimated from a particular place, region or locality through primary data collection:</p> <ul style="list-style-type: none"> • Food - a low cost nutritious diet that meets World Health Organization (WHO) dietary recommendations (percentage varies with level of development). Diets vary with a country's economic development and regional preferences (e.g. percentage of calories from proteins increases and from carbohydrates decreases with development). • Non-food: education, housing, nutritious foodbasket, transportation, clothing, reserve for unexpected events (5-10%), Emergencies (10%) • Household size, and numbers of workers per family are calculated for the specific region • Living wage calculations also account for the payment through in-kind benefits, payroll deductions and taxes. <p>First stage, estimates cost of a basic but decent lifestyle in a particular place. Second, determines if the living wage is being paid to workers. Third, critical appraisals and secondary data is collected, involving local stakeholders (trade unions, employer organisations) to ensure credibility of the living wage estimate.</p>	<p>[(Cost of model diet per person / food share of HH expenditure) * HH size] / # full-time workers per couple + 10% for emergencies</p> <p>Typical Project structure: 1) initial research using anker methodology 2) stakeholder consultation 3) further research based on consultation findings 4) develop implementation strategies.</p> <p>Local stakeholders are closely involved in the collection of local food and housing costs, based on visits to workers' homes and places where workers shop for food; workers provide information on local preferences and living conditions; employers and workers provide information on in-kind benefits, bonuses, and deductions from pay; and, before final conclusions are taken, stakeholders are asked to provide feedback and suggestions on preliminary living wage estimates.</p>
<i>WageIndicator Foundation</i>	The WageIndicator's living wage benchmarks rely on the Anker Methodology in terms of calculation method but uses different data sources. While the Anker Methodology normally relies upon primary data collected on the ground by researchers and	<ul style="list-style-type: none"> • Basic cost of living for one individual (CLI) = food + housing + healthcare + transport

³⁰ Retrieved from: <https://www.ilo.org/global/topics/wages/minimum-wages/definition/lang--en/index.htm>

complementary secondary sources, WageIndicator use primary data collected by partners and submitted by individual persons and organizations using the Foundation's Cost of Living survey.

The WageIndicator database includes 3 levels:

- National living wage database with free access to country-level living wage figures for 80 countries
- Full living wage database (including legal minimum wages) for 112 countries, 889 regions and 271 cities. The database is updated on a quarterly basis.
 - Transparent data
 - Free support to use data
 - 9,800 EUR/year
- Custom services
 - Development of additional living wage dataset for specific regions
 - Support for benchmarking, implementation and strategy
 - Quotations available

Cost of living survey covers: food basket (2100kcal), housing (ind. 1 bed/ family two bed apartment), transport (1 adult), healthcare (1 person), education (1 child). Indicators to be estimated through the survey can be customized.

WageIndicator Foundation collaborate with more than 100 partners worldwide for data collection and research. The Foundation provide online data and information on labour laws, minimum wages, living wages (at country level), salary checks and more. The foundation provide surveys and apps for collecting data in more than ¾ of the countries in the world.

The foundation rely on data collection face-to-face on apps, through the WageIndicator national websites and with partners answering surveys. At the time of writing the foundation have data for 110 countries, 889 regions, and 271 cities.

If partners require location-specific benchmarks, WageIndicator calculate the benchmarks based upon cost of living surveys submitted by partners, or alternatively available data from Numbeo.

- Basic cost for a standard family (CLSF) = (4 * food for one person) + housing for a family + (4 * healthcare for one person) + (2 * transport for one adult) + (2 * education for one child)
- Basic cost for a typical family (CLTF) = [(2 * food for one person) + (fertility rate * food for one person)] + housing for a family + [(2 * healthcare for one person) + (fertility rate * healthcare for one person)] + (2 * transport for one adult) + (fertility rate * education for one child)
- **Gross living wage for different family types:**
 - Individual = (CLI * 1.05 other costs) x (1 + taxes)
 - Standard = (CLSF * 1.05 other costs) x (1 + taxes) / 1.8
 - Family = (CLTF * 1.05 other costs) x (1 + taxes) / earners per family
- Country specific information: 1) number of children per family (national fertility rate), 2) earners per family (national employment rate), 3) Taxes (gross/net income ratio)
- Three family types: 1) Individual (1 adult) 2) Standard family (2 adults, 2 children. 1.8 earners) 3) Typical family (2 adults, # children based on national fertility rate, # earners based national employment rate)

Asian Floor Wage Alliance

Two expenditure groups (percentage of cost):

- Food (50%)
- Non-food (40%): education, clothing, housing, travel, healthcare
- Other (10%)

The Asia Floor Wage Alliance defines the living wage to be PPP\$1181 (2017) - different in every country's national currency but has the power to buy the same set of good and services in all countries. Important to note that PPP value cannot be used for non-Asian countries as some of the assumptions do not apply. For example food costs accounting for half of income, this is the case in Asia where food costs are relatively high and standards of living such as housing are very low, however in other regions such as Eastern Europe food costs are relatively lower when compared to housing.

Household size:

1x worker + 2 adult dependents or 1x adult + 2x children or 4x children

50% of monthly salary towards food based on 3000kcal per day, per adult;
40% on clothing, housing, travel, education, healthcare;
10% towards other spending (entertainment, savings, pension etc.)

Food basket research based on a diet of 3,000kcal/day to account for physical labor. The daily cost is then multiplied by 30 to get the monthly food cost; and then again by 3 units of consumption to arrive at food cost for a family for a month. Non-food costs equate to the value derived from foodbasket calculation.

SAI SA8000

The SAI endorses the Global Living Wage Coalition in producing living wage benchmarks for specific regions using the Anker Methodology. The benchmarks will eventually be available for organisations and auditors to use for the SA8000, so they do not need to calculate their own estimates.

Until the benchmarks are available for a SA8000 certification applicant's location, organisations and auditors will continue to use the existing living wage calculation method according to SA8000 methodology.

Elements of a decent standard of living: food, water, housing, education, healthcare, transport, clothing, others (e.g. discretionary spending)

Organisation calculates a living wage estimate using the following factors:

- Assessment of workers expenses
- Assessment of the average family size in the area
- Analysis of the typical number of wage earners per family (typically not more than 1,6)
- Analysis of government statistics on poverty levels
- Analysis of the cost of living above the poverty line

It is advised to supplement quantitative data with qualitative verification. The organisation should frequently consult with workers to understand if wages are sufficient to meet their basic needs for themselves and their families.

World Bank PPP-Adjusted Poverty Line

The global poverty line is used primarily to track global extreme poverty, and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. National poverty lines are adjusted according to purchasing power, converted to a common currency by using purchasing power parity (PPP) exchange rates.

Method is not very transparent. Vague in its description of methodology, taking the national poverty lines which reflect the line below which a person can obtain *minimum* nutrition, clothing and shelter needs. The value differs depending upon country categorization: low income, low-middle income, upper-middle income etc

National Poverty Line

National poverty lines are recognised as the line of what is deemed the lowest pay needed to survive.

National estimates are based on population-weighted subgroup estimates from household surveys. Calculation methods vary across countries. Some define a single national poverty line (Thailand), others define multiple to distinguish between rural, urban, extreme and total poverty (Brazil, South Africa, Guatemala, India). In Annex B

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these differences in national poverty lines are discussed for the 5 key sugarcane countries.

D. Detailed Wage Score Breakdown

Legal Minimum Wage

Score: 23

Explanation

Indicator scores well in resource intensiveness because minimum wages are set in 90% of countries worldwide. This makes it very simple to assure, scale and implement. However, the indicator scores very low in credibility and precision. Lack of granularity and un-transparent methodology, and availability of data sources and quality of data source that cannot be easily verified produced a low score.

<i>Credibility & Precision</i>		
International recognition	3	Highly regarded. Endorsed by the International Labour Organization convention of 1970. Recognized and adopted by 92% of ILO's 187 member states.
Locally adaptable	2	Adaptable depending on nation-state. Some countries such as India and Thailand have set regional minimum wages, others set a national minimum wage.
Granularity of methodology	1	Clarity of detail was deemed to be insufficient to score highly. Many countries do not disclose methodology or, at best, vague in its description.
Data sources used	0	Could not ascertain.
Quality of data source	0	Could not ascertain.
Adoption of other (standards) organizations	2	Adopted by 92% of ILO's 187 member states, of 193 UN member states.
<i>Resource intensiveness</i>		
Feasibility of implementation by operators	3	Minimum wage established in country and enforced by law. Must be implemented.
Ease of auditing	3	Simple assessment of payment required.
Scalability: data availability globally	3	Adopted by 92% of ILO's 187 member states, of 193 UN member states. Very simple to search for the minimum wages for countries around the world.
Required frequency of updating benchmark	3	Updates made by nation state, typically on an annual basis.
Impact on operator's production cost	3	Low impact as it is the minimum the operator must pay employees.

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Anker Methodology

Score: 26

Explanation

Scores the highest in credibility and precision. Formulated from academic studies, the emphasis on primary field research and level of precision and granularity is very high. In particular, it calculates expenditure costs for a nutritional food basket, taking into account regional and local dietary preferences. However, the benchmark is very resource intensive. The level of detail required to establish benchmark makes the living wage very resource intensive. The scalability and data availability is very low due to the fact it is only available in 21 countries, of which regional data is very limited.

Credibility & Precision	
International recognition	3 Most widely recognized methodology. Adopted by the Global Living Wage Coalition who consist of the ISEAL Alliance, Fairtrade International, GoodWeave International, Rainforest Alliance and UTZ. The same methodology is used within living income and endorsed by the Living Income Community of Practice comprising a large group of standards organizations, NGOs, governments, and industry.
Locally adaptable	3 Highly adaptable. Includes: 1) a nutritious food basket is calculated for each region 2) food prices for each local market in the region (adjusted to local regulations and culture). Involves local stakeholders including organizations, trade unions, visits to employee homes, local shops, assessment of working conditions made. Employers provide information on in-kind benefits, bonuses, deductions from pay Methodology includes rules on how to value in-kind benefits and guidance on how to check wage levels in labor situations (standard employment, temporary or seasonal, and piece rate)
Granularity of methodology	3 Very detailed and transparent. Includes food and non-food expenditure: nutritious food basket, housing, transportation, education, clothing and savings for emergencies. Calculates for tax and payroll deductions for households and individuals based on local conditions.
Data sources used	3 Use primary field research (food prices, food basket composition) and secondary data (FAO for nutrient content- adjusted for annual inflation rates). Also requires participation of local people and organizations to increase the credibility and acceptance of the study by stakeholders.
Quality of data source	3 Very high quality due to level of granularity and data sources used.
Adoption of other (standards) organizations	3 Adopted by many organizations: Fairtrade, Social Accountability International, Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO), Sustainable Trade Initiative (IDH), True Price, Belgium chocolate sector, Dutch retailers (Albert Heijn, Jumbo, Coop, etc.).
Resource Intensiveness	
Feasibility of implementation by operators	Currently, Brazil and Guatemala using the Anker Methodology benchmark has been calculated in a region where there are Bonsucro members. 1 In the other countries (India and South Africa), there is no overlap. If Living Wage benchmark is established in the operator's region then scores 3. If it is not available, then score would be 1.
Ease of auditing	2 Level of detail and precision makes assuring resource intensive. Auditors will need to cross reference in detail items including in-kind benefits and pay slips.
Scalability: data availability globally	1 Not immediately scalable because living wage calculations in all Bonsucro regions have not been made. Nonetheless, the methodology could be applied globally but it would require high level of resources (money and time) to do so.

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Required frequency of updating benchmark	2	Once established, living wage will need to be adjusted for food price inflation each year.
Impact on operator's production cost	2	As compared to benchmarks calculated using other methodologies, the Anker Methodology has the lowest impact on cost of production for Bonsucro operators as it was found to be close to current legal minimum wages in most the key countries analyzed See the wage ladder for detailed comparison (Section 3.2).

WageIndicator Foundation

Score: 27.5

Explanation

The most comprehensive database of Living Wages, available in 889 regions, 271 cities and 110 countries and over 2 million data points collected. WageIndicator living wage estimate calculations are aligned with the Anker Methodology making this a very credible and precise method. Moreover, the wage estimates are readily available in over 100 countries worldwide and the foundation offers paid access to the full database of 889 region-specific data. Custom services are also available on request to tailor to the operator's needs, support to implementation and further labor and human right in direct operations and supply chain.

<i>Credibility & Precision</i>		
International recognition	2	Many projects funded by governments (the European Commission and Dutch Ministry of Affairs). Endorsed used by many multinational companies (including DSM, Philips, Kering, Novartis) and academic institutions (University of Amsterdam, Masaryk University, Central European University, Erasmus University Rotterdam)
Locally adaptable	3	Highly adaptable. Available in 889 regions, 271 cities and 110 countries. Includes local living conditions, food prices and cost of living survey online provides further adaptability. Organizations can choose to customize specific criteria in the survey to ensure specificity to locality or operation.
Granularity of methodology	3	Aligned to Anker Methodology. Data collected can be customized to take into consideration specific household, food or expenditure. WageIndicator supports international organizations and companies in carrying wages benchmarking for their employees, partners and suppliers in different countries and contexts (risks, wage adjustment, corporate commitment, audits, etc). Paid access provides extended location list and living wage types + relevant legal minimum wage, per city, region, sector and/or country. As well as quarterly updates, access to underlying data for specific calculations and applications, support from WageIndicator international team to use the database, and access to extended support services with preferential rates.
Data sources used	3	Primary and secondary data collected via online survey and field surveys. Trained interviewers to report on food and commodity prices in the area. Face to face on apps, through the WageIndicator national websites and with partners including businesses, universities and government institutions in the locality answering surveys. Largest database of living wages with >2 million data points collected.
Quality of data source	2	High quality data due to the mix of online and field surveys to calculate cost of living. WageIndicator then triangulate collected data which is then tested and cleaned for outliers. The Living Wage calculation is based on prices collected during the last 36 months in order to eliminate uncharacteristic or short-lived extraordinary fluctuations. This reference period is adjusted when and where necessary, like in countries with high inflation.
Adoption of other (standards) organizations	2	Adopted and endorsed by over 50 companies and organizations worldwide, including DSM, Philips, Kering, Novartis; and academia: University of Amsterdam, Masaryk University, Central European University, Erasmus University Rotterdam.
<i>Resource Intensiveness</i>		

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Feasibility of implementation by operators	3	High feasibility and low in resource intensity. The Living Wage World Database has a calculation for 110 countries, 900 regions, 270 cities. If data collected is not deemed sufficient, Bonsucro can commission WageIndicator for location specific data for more robust and relevant analysis to Bonsucro operators.
Ease of auditing	2.5	Level of detail and precision in makes assuring resource intensive. Auditors will need to cross reference in detail items including in-kind benefits and pay slips. However, WageIndicator offers guidance and assistance to audit.
Scalability: data availability globally	3	Available in 889 regions, 271 cities and 110 countries. Survey and assessment can be customized depending upon needs. Free access to Living Wage World Database provides national estimates in 80 countries. Paid Access (9800EUR/yr) provides access to full database of 112 countries, 889 regions, 271 cities, quarterly updates, transparent data, free support to use data Custom services available on request to develop additional datasets and support for benchmarking, implementation and strategy.
Required frequency of updating benchmark	3	Benchmark is updated every 36 months by WageIndicator - this reference period is adjusted when and where necessary, like in countries with high inflation.
Impact on operator's production cost	1	Scores negatively due to use of national data in our calculations. However, regional and city data is available to paid members of the database. We assume that regional benchmarks in rural regions would be lower than those used in this study because WageIndicator would not include higher living wages from cities and metropolitan areas.

Asian Floor Wage Alliance

Score: 19

Explanation

The use of primary survey data results in a high score for data sources used however, the benchmark only assesses a group of 4 countries in Asia. The small sample size and the use of a single value set at 1187USD PPP reduces the credibility and precision of the benchmark significantly. It cannot be scaled to non-Asian countries as their calculations cannot simply be applied to other regions in the world due to the assumptions made in food spend. Furthermore, the high impact on operator's production costs makes this benchmark very unfeasible for Bonsucro's members.

Credibility & Precision		
International recognition	2	Recognized by major garment producers in Asia. Including trade unions, worker's rights charities, employee rights coalitions and national bodies in Asia.
Locally adaptable	1	Only adaptable in Asia. The AFW Alliance advise calculations cannot simply be applied to other regions in the world due to the assumptions made in food spend
Granularity of methodology	1.5	The low score is due to the methodology taking assumptions of general costings from 4 countries in Asia (Bangladesh, Cambodia, India, Indonesia) to calculate a local currency value from the 1187USD PPP value for a living wage. However, it does feature many similar expenditure items as the Anker methodology, so this performs well in that regard. It includes two expenditure groups: food (50%) and non-food (50%). Of which 40% accounts for clothing, transportation, healthcare etc. and 10% remains for savings. Uniquely, food basket research based on a diet of 3000kcal/day to account for physical labor.
Data sources used	3	Data is collected through primary research in the selected countries. The study assesses costs for food and non-food expenditures in Asian countries.

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Quality of data source	1.5	Scores low in quality due to the lack of transparency. It does not state how it calculates and allocates the cost of living, transportation etc. – only discloses a percentage of spend on non-food stuffs. Moreover, their calculation of the wage is based on food basket surveys in 4 Asian countries, making this data substantially less credible and precise.
Adoption of other (standards) organizations	2	Adoption of the benchmark in the sector is limited. However, the benchmark has credibility from its network of members. For example, the steering committee includes members from trade union alliances, worker’s rights groups in all major Asian textile producing countries.
Resource Intensiveness		
Feasibility of implementation by operators	1	Unfeasible to implement since it is an Asia-specific benchmark. Although in Asia, it is very easy to implement. Price is set and operator will not need to undertake a study themselves to calculate figure for a living wage.
Ease of auditing	3	Very simple. A calculation is made to the local currency, audit would require checking whether payment is made to employees, excluding any in-kind benefits.
Scalability: data availability globally	1	Asia-specific calculation. It cannot simply be applied to other regions as some assumptions do not apply. For example, food costs accounting for half of income, this is the case in Asia where food costs are relatively high and standards of living such as housing are very low, however in other regions such as Eastern Europe food costs are relatively lower when compared to housing.
Required frequency of updating benchmark	2	Wage is periodically reviewed every 2 years (2017, 2015, 2013). Revised by conducting fresh food basket surveys, and within intervening years using a formulation based on Consumer Price Index.
Impact on operator’s production cost	1	Scores low due to the living wage being approximately double the current legal minimum wage in Asian countries.

Social Accountability International SA8000

Explanation

Score: 25

The SA8000 certification offers a very comprehensive methodology. It is beginning to align itself to the Anker Methodology and its’ current methodology to calculate a living wage scores very highly in credibility and precision of the data. It is much weaker in terms of feasibility of implementation and scalability due to the stringent requirements of the certification and lack of global data availability. The high amount of resources required to implement the benchmark makes this the most resource intensive benchmark in our analysis.

Credibility & Precision

International recognition	3	The certification standard is widely accepted as the gold standard of social standards. Reflects the labor provisions within the Universal Declaration of Human Rights and International Labour Organization conventions.
Locally adaptable	3	Location specific. To gain certification, operators must carry out surveys for living wage in the local area according to their methodology. SAI have partnered with the Global Living Wage Coalition to produce LW benchmarks for specific regions. These benchmarks will eventually be available for organizations and auditors to use for SA8000 so they do not need to create their own estimates.

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Granularity of methodology	3	Very detailed. Elements of a decent standard of living is defined to include food, housing, education, healthcare, transport, clothing and other discretionary spending. Unlike other benchmarks it includes the cost of water in expenditure. In addition to this, an assessment of workers expenses, in-kind benefits, average family size in the area, analysis of the typical number of wage earners per family (typically not more than 1,6), analysis of government statistics on poverty levels, and analysis of the cost of living above the poverty line must also be considered. Alongside quantitative analysis in the methodology, the SA8000 standard recommends obtaining qualitative data to ascertain the true costs. It recommends communication with Trade Unions, NGOs, labor rights groups, gov't agencies, universities and academic researchers. Aligning its methodology to the Anker Methodology to be even more thorough.
Data sources used	3	Primary sources of field research of both quantitative and qualitative data. In the calculation of a living wage, an assessment of workers expenses, average family size in the area, analysis of the typical number of wage earners per family (typically not more than 1,6), analysis of government statistics on poverty levels, and analysis of the cost of living above the poverty line must also be considered.
Quality of data source	3	High quality as it measures living wage locally, on a level of the operations. Lack of transparency as to diet, percentage of food spend, household size and possible differences between auditors calculations. However, it does mitigate this through training and oversight to auditors and survey collectors. Robustness of data is improved through qualitative data collection and inputs from workers/ worker's rights groups and unions also recommended by the certification.
Adoption of other (standards) organizations	2	Considered the gold standard for CSR and adopted by many organizations to show high social standards.
Resource intensiveness		
Feasibility of implementation by operators	2	Highly detailed methodology and requirements of the standard make implementation difficult and resource intensive. Requires assessment of many aspects of the local area including: assessment of workers expenses, average family size in the area, analysis of the typical number of wage earners per family (typically not more than 1,6), analysis of government statistics on poverty levels, and analysis of the cost of living above the poverty line must also be considered.
Ease of auditing	2	Level of detail and precision in makes assuring resource intensive. Auditors will need to cross reference in detail items including in-kind benefits and pay slips.
Scalability: data availability globally	2	Operator must make an assessment of the local area to be certified. Data is not available globally and the Global Living Wage Coalition have not assessed many regions for living wage according to Anker Methodology - this is likely to take a long time.
Required frequency of updating benchmark	2	The SA8000 certificate is valid for three years subject to ongoing surveillance audit evaluations, and the organization may recertify to SA8000 at the end of the third year. Guidance and assistance is provided for operators to allow for continuous improvement towards the standard.

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Impact on operator's production cost	n.a. Data is not available for this benchmark due to the specificity of the certification on operations and data has not been made publicly available. Therefore, a score cannot be ascertained.
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World Bank PPP-adjusted poverty line

Score: 21

Explanation

Scores the lowest regarding credibility and precision for providing a decent or living wage. However, scores positively in regard to resource intensiveness. It is important to note the adjusted poverty line is a generalized average of national poverty lines around the world. The global poverty line is used primarily to track global extreme poverty, and to measure progress on global goals set by the World Bank, the United Nations, and other development partners. A country's national poverty line is far more appropriate for underpinning policy dialogue or targeting programs to reach the poorest.

Credibility & Precision	
International recognition	1 The benchmark is not internationally considered as a living or decent wage measure. It is recognized as a poverty line measure and does not consider non-financial components.
Locally adaptable	1 Although nationally applicable, based on the purchasing power parity (PPP) conversion rate. As a measure of local purchasing the World Bank poverty line is far too much of a generalization to be considered locally adaptable.
Granularity of methodology	1 Method is not very transparent - vague in its description of methodology as taking the national poverty lines which often reflect the line below which a person can obtain minimum nutrition, clothing and shelter needs.
Data sources used	1 Data source is secondary as it uses country's national poverty lines to calculate a global average.
Quality of data source	1 Quality of data source is very low. The indicator has not been updated since 2015 and since update, it has only been adjusted for the depreciation of the USD. Critics argue that the value set is not appropriate for people to survive.
Adoption of other (standards) organizations	1 Commonly used for a measurement for poverty alleviation not as an adopted standard. The World Bank created the poverty line to be the absolute minimum of wage.
Resource Intensiveness	
Feasibility of implementation by operators	3 Very simple. Calculation is made and wages can be set accordingly. Since the number is provided in USD PPP (2015), operators should get guidance from Bonsucro on how to convert that value into LCU 2020
Ease of auditing	3 Very easy to audit. Simple check of employee pay slips.
Scalability: data availability globally	3 Available for all countries in world as it is a global average.

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Required frequency of updating benchmark	3	Not required by operators.
Impact on operator's production cost	3	Cost to operator very low. In all case studies in this report, the World Bank Poverty line is well below current wage levels, operators would save on employment costs.

National Poverty Line

Score: 22

Explanation The national poverty lines score low in terms of credibility and precision. The level of resources needed to implement is low, therefore the national poverty line scores positively in that aspect. The national focus of the poverty line makes it a more precise benchmark compared to the World Bank's adjusted poverty line. However, by nature the poverty line is not considered as a living or decent wage measure. Therefore, it is deemed less credible.

<i>Credibility & Precision</i>		
International recognition	1	Not internationally recognized as it is not considered as a living or decent wage measure. It is recognized as a poverty line measure on a national level as to what is deemed the lowest pay needed to survive.
Locally adaptable	1.5	Adaptability to a national level. Some countries such as India have established poverty lines for rural and urban populations but this is not the norm.
Granularity of methodology	1.5	The level of detail is difficult to ascertain. There is a great deal of variance in level of transparency each country has their methodology.
Data sources used	1.5	Data source through primary data collected from census and survey data.
Quality of data source	1.5	Quality dependent upon the credibility of governmental sources. However, national poverty lines are included in calculations by the World Bank for statistical analyses on global poverty e.g. Poverty headcount ratio at national poverty lines (% of population)
Adoption of other (standards) organizations	1	National countries use poverty line to measure level of poverty. It is not used as an indicator in standards organizations as the poverty line is the absolute minimum wage deemed for people to survive.
<i>Resource Intensiveness</i>		
Feasibility of implementation by operators	3	Very simple. Calculation is made and wages can be set accordingly. Operators would need support on how to convert out-to-date and individual poverty lines into up-to-date wage levels (e.g. using inflation rates or household size figures).
Ease of auditing	3	Very easy to audit. Simple check of employee pay slips.
Scalability: data availability globally	3	Poverty lines are readily available for countries around the world.

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Required frequency of updating benchmark Impact on operator's production cost	3	Not required. Only adjusted for rates of inflation.
	2	Cost to operator very low. In some case studies in this report, the national poverty line is below current wage levels, operators would save on employment costs, while in others it is higher (e.g. India).

E. Forms of remuneration to include and exclude in a living wage

This table is adopted from Anker and Anker (2017), Table 15A.1: Various forms of remuneration claimed by employers. The suggestions below are based upon Richard and Martha Anker who developed the Anker Methodology.

Forms of remuneration	Whether to include in wages for comparison to a living wage
Cash wages, allowances, and bonuses	
Basic wage	Include.
Housing allowance	Include.
Transport allowance	Include.
Non-production bonuses paid once or several times during year	Include. Pro-rate to get monthly amount. Examples: 13th month, Eid allowances, birthday bonus, bonuses for holidays.
Retention bonus	Include. For industry use average amount per worker.
Allowance to visit 'home'	Include. For industry use average cost or value per worker when amount varies with distance and/or family size.
Attendance allowance	Include. For industry use average amount per worker; or adjust for % receiving.
Child allowance	Include. For industry use average amount per worker.
Production/incentive bonus	Include when earned during standard working hours at normal working pace. Exclude if need to work overtime to meet minimum target.
Overtime	Exclude. Not earned in normal work hours.

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Night shift, weekend, and holiday pay premiums	Exclude. Not earned in normal working hours.
Cash bonus when profits are good	Exclude as uncertain, unless assured in advance such as when based on last year's business results and given to most workers.
Responsibility allowance/Technical skill allowance	Exclude. Few workers receive these and usually for only higher paid workers.
In kind benefits (limits set on amounts)	
Housing and utilities such as water or electricity for home	Include when decent. Deduct co-pay. Maximum 15% of wages. Exclude housing for seasonal workers as they still need year around housing.
Meals	Include. Deduct co-pay.
Food rations or food commodities given for free or sold at concession rates	Include. Deduct co-pay.
Transport to work and from work (and to town on weekends from agricultural estates)	Include when safe.
Child care/creche	Include. For industry use average value over all workers.
School for workers' children	Include. For industry use average value over all workers.
Meals in creche or school	Include if paid for by employer. For industry use average over all workers
Medical services not required by law and not related to work injuries and illnesses	Include. Need to determine cost per worker to employer.
Private medical insurance	Include. Deduct co-pay.

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Medical expenses paid for treatment in other clinics and hospitals	Include. Need to determine cost per worker to employer.
Transport to hospital/other health services	Include when for other than work-related problems. Need to determine cost per worker to employer.
Medical services related to work injuries and illnesses	Exclude. Work-related.
Schools or hospitals on estate, in factory, or in industrial zone supported by government or Fairtrade	Exclude. Not paid for by employer and so no cost to employer.
Security guard for company housing	Exclude. Protects company property.
Christmas meal or food basket	Exclude. Small value and similar to charity.
Drinking water at work	Exclude. Work-related expense.
Right to collect firewood for free	Exclude. Difficult to value as takes worker or spouse time. No cost to employer.
Transport within workplace	Exclude. Work-related.
Educational assistance for children, scholarships, etc.	Exclude. Unless many workers' children receive this.
Land to build house on	Exclude. Land not owned by worker & cannot be sold.
Land to grow vegetables	Exclude. Difficult to value as takes worker or spouse time. Little or no cost to employer.
Animal husbandry facilities	Exclude. Difficult to value as takes worker or spouse time. Small cost to employer.

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Recreation facilities and activities	Exclude. Benefits employer to improve worker morale. Often small cost. For company football team, only some men participate.
Flowers for weddings or funerals	Exclude. Infrequent and small value.
Condolence allowance for death of relative	Exclude. Infrequent and small value.
Fringe benefits and other benefits	
Paid time off for sickness or holidays	Exclude unless employed on daily basis.
Unpaid time off for sick leave, holidays, maternity leave	Exclude. Does not increase monthly pay.
Gratuity/severance pay	Exclude. Not received within year.
Funeral costs for worker who dies	Usually exclude. Not received within year. Can be included if considered as an insurance.
Support for night classes	Exclude. Does not affect living expenses or immediately add to wages.
HIV/AIDS or reproductive health classes	Exclude. Does not affect current wage.
Occupational health and safety programs	Exclude. Work-related.
Protective clothing, and work-related equipment and supplies	Exclude. Work-related.
Finish work at 1:30 so can do other work	Exclude. Similar to overtime.
Pension	Exclude. Does not increase current income.
Care for retirees	Exclude. Does not increase current income.
Loans and advances	Exclude. Does not increase current income.
Fairtrade premium or similar scheme	Exclude. Not paid by employer.
Community projects such as building schools or other facilities in community	Exclude. Not mainly for workers but for community. Not part of remuneration – it is not in return for work performed.

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Job security	Exclude. Does not reduce living cost.
Visa or work permit	Exclude. Work-related.
Employers legally mandated contributions to Social Security or National Health Services	Exclude. Does not increase current income.
