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## Introduction: AIM-Progress Living Wage - alignment on working with suppliers

At [AIM-Progress](#), we believe that businesses throughout the value chain have a vital role in providing a decent standard of living and in being a driving force in poverty eradication.

Addressing the issue of living wages requires collective action. Suppliers and business partners of AIM-Progress members play a crucial role in the journey towards paying living wages. By partnering with suppliers who prioritise paying a living wage, AIM-Progress members not only strengthen their own supply chain but also contribute to building more resilient, thriving economies where everyone benefits.

This document serves as a **template and recommendation** for AIM-Progress members and other fast-moving consumer goods (FMCG) companies. It is designed to guide and support their efforts in working with suppliers on living wage initiatives. The template aligns supplier engagement with the global movement on living wages, including the [UN Global Compact Forward Faster](#). This approach will enable our members to consistently engage with their supply chain partners.

## [Template] Living Wage Promise

### Background

A decent standard of living is a fundamental human right, and a living wage is a key component of this right. Businesses, in collaboration with governments and other stakeholders, play a crucial role in ensuring that workers receive a living wage. Providing a living wage helps address the root causes of poverty and contributes to mitigating other human rights issues, such as child labor. Moreover, paying living wages can lead to improved productivity, increased gender equity, reduced risk of disruption, and an enhanced brand reputation. It also creates opportunities to transform business models to benefit society at large, breaking the cycle of poverty and strengthening the global economy while driving business growth.

This vision can only be realized with the support of all supply chain actors. Signing the Promise marks the beginning of our partners' efforts to ultimately paying their workers a living wage.

### What is a living wage?

According to the [International Labour Organization \(ILO\)](#) the living wage is: “ The wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country's circumstances and calculated for the work performed during normal



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A decent standard of living can encompass essential needs, including food, housing, healthcare, education, transportation, and clothing. Importantly, living wage calculations must consider national economic and social conditions, reflecting local or regional differences within countries for workers and their families.

## Living Wage Benchmarks

There are a variety of organisations that collect, assess and provide estimates for the cost of living for a family of a determined size in a particular location. These can be used to measure gaps between current employee compensation and the living wage estimate for the location. IDH, the Sustainable Trade Initiative, has developed a set of objective criteria for the minimum elements a living wage estimate methodology should include to be reliable. We recommend using any benchmark recognised by IDH<sup>1</sup>. They also provide tools to support measuring living wage gaps.

## What are we asking our partners to do?

We are asking all companies who sign our promise to:

- Commit to evaluating the living wage gap for every worker in their operations against a recognised living wage benchmark.
- Identify and share strategies and plans to address the gaps to support knowledge sharing and learning.<sup>2</sup>
- Commit to track and report their progress against their plan in achieving a living wage.
- Transparently report on progress against their plan in achieving a living wage.

If you're ready to take our partnership to the next level, please sign our Living Wage Promise on behalf of you and your affiliates. Please email the signed Living Wage Promise back to us. We welcome your questions, comments, and suggestions about our Living Wage Promise.

Signature:

- Full Name:
- Job Title:
- Company Name:

Date:

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<sup>1</sup> <https://www.idhsustainabletrade.com/idh-living-wage-identifier/>

<sup>2</sup> Annex 2 for more details on reporting.



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## [Optional Section] How will we support our supplier partners?

We will support our partners by e.g.:

- Sharing knowledge and experience from our own living wage journeys.
- Creating learning materials, toolkits, and in-depth information on living wage.
- Directing our partners to various tools, resources, and case studies to support them.
- Advocating for Governments to set legislation that will level the playing field

## Annex 1: Living Wage Resources:

- [AIM-Progress Living Wage Playbook](#): A “how to guide” to help companies at different stages of their living wage journey, with examples for each section. It is intended help companies build and implement a living wage strategy, whether for their employees, across their suppliers, or both. – All links below can be found on the Living Wage Playbook
- [IDH Living Wage Roadmap](#): This platform guides companies through five steps to secure living wages in supply chains.
- [WageIndicator Living Wage Public Database](#): Access comprehensive reports on living wages worldwide.
- [UNGC Living Wage Analysis Tool](#): A free, user-friendly, and confidential online platform to help companies assess current policies and identify opportunities to provide a living wage.
- [IDH Salary Matrix](#): A tool to calculate living wage gaps by comparing workers' total remuneration to regional benchmarks.
- [ILO Global Agreement on Living Wage](#): For the latest information on the ILO's work regarding living wages, please refer to their official website.

## Annex 2: Reporting Questions:

Companies committing to the promise are asked to report annually on the following:

1. Total number of employees
2. Percentage of employees for which you have measured the gap.
3. Percentage of your employees paid a living wage
4. For the employees below a living wage, please describe your strategy and plans to address the gaps and the timeline
5. Please specify the methodology(ies) used to measure current wages and what living wage reference values or benchmarks you have used to compare them to.
6. Please describe your progress and actions taken against your plan in achieving a living wage for all workers in your operations in the past 12 months.